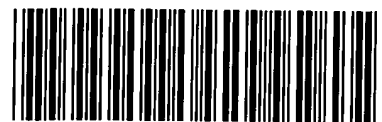


Registered number: 04056337

**11 HOSPITALITY (BIRMINGHAM) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**11 HOSPITALITY (BIRMINGHAM) LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	Bhupendra S Kansagra Rajni S Kansagra Ramesh S Kansagra
<b>Company secretary</b>	Bhupendra S Kansagra
<b>Registered number</b>	04056337
<b>Registered office</b>	Portland House 69-71 Wembley Hill Road Wembley Middlesex HA9 8BU
<b>Independent auditors</b>	Wilder Coe Ltd Chartered Accountants & Statutory Auditors 1st Floor, Sackville House 143-149 Fenchurch Street London EC3M 6BL

**11 HOSPITALITY (BIRMINGHAM) LIMITED**

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## 11 HOSPITALITY (BIRMINGHAM) LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their Strategic Report and the audited financial statements for the year ended 31 December 2021.

#### Principal activity

The main activity of 11 Hospitality (Birmingham) Limited ("the Company") continues to be the ownership and operation of Holiday Inn Birmingham Airport Hotel, Birmingham, a four star hotel in the United Kingdom.

#### Business review

The Directors consider average room rate and occupancy levels as key performance indicators (KPI) amongst others.

#### Financial key performance indicators

	2021	2020
Occupancy	37%	33%
Average room rate	£72	£48
Revenue	£3.7m	£2.3m
Operating profit/(loss)	£0.1m	(£0.8m)

The hotel reported an increase in average room rate of 50% from £48 to £72 and occupancy increased slightly by 12% compared to last year of 33%. Comparable data is difficult due to the continued Covid restrictions.

The hotel reported a loss before tax in the current financial year of £454,848 (2020: £1,168,248), as the business faced a second year of business interruption caused by the Covid-19 pandemic.

Despite hospitality labour shortages, the Company was able to move staff around the hotel to support the areas of the business most in need to maximise revenues. Strong cost control made a significant contribution to the trading revenues.

**11 HOSPITALITY (BIRMINGHAM) LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**Principal risks and uncertainties**

The directors consider that the following are the principal risk factors that could materially and adversely affect the Company's future profits or financial position.

**General Economic Risk** – future risk centres around cost inflation. Every cost line within the business has seen unprecedented increases, ranging from insurance, utilities, laundry and the cost of raw materials. The April 2022 increase in Minimum Wage and National Insurance will stretch labour costs and impact pay scales throughout the organisation. Whilst these cost increases will inevitably lead to increased retail prices, maintaining competitive and adding value to our guests is equally as important.

**Liquidity Risk** – the ultimate UK parent company, Solai Holdings Limited, maintains cashflow and covenant compliance to ensure the wider Solai Group and the Company can meet its liabilities as they fall due. The directors are confident such liquidity is secured, predominantly as a result of the continued financial support from the Company's ultimate UK parent company.

**Market and Industry Risk** – aside from the labour market and supply chain, the key business risks affecting the Company relate to competition from hotels and employee recruitment and retention. These risks are addressed by management carrying out regular strategic reviews including assessment of competitor activity and acknowledgement of customer feedback received. These risks are addressed through strong customer service as well as continued investment in people and facilities.


**Future developments**

The hotel's recent investment means that there are no significant refurbishment plans, however, in the year ahead the board expect to continue the refurbishment of bedroom furniture and make further investment in information technology systems.

**Covid-19 Statement**

The directors consider the Company to have been resilient throughout the year with the continued impact of the Covid-19 pandemic and restrictions on travel and logistical challenges in the supply chain. The Company must react and adapt going forward as the country and the world continue to adapt to working and living with Covid.

This report was approved by the board on ..... 6 JUNE 2022 ..... and signed on its behalf.

  
.....  
**Bhupendra S Kansagra**  
Director

## 11 HOSPITALITY (BIRMINGHAM) LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the audited financial statements for the year ended 31 December 2021.

#### Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Disclosure of information to auditors

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

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

#### Results and dividends

The loss for the year, after taxation, amounted to £670,247 (2020: £1,432,511).

#### Directors

The directors who served during the year were:

Bhupendra S Kansagra  
Rajni S Kansagra  
Ramesh S Kansagra

**11 HOSPITALITY (BIRMINGHAM) LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**Auditors**

The auditors, Wilder Coe Ltd, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on ..... 6 JUNE 2022 ..... and signed on its behalf.



.....  
**Bhupendra S Kansagra**  
Director

## 11 HOSPITALITY (BIRMINGHAM) LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 11 HOSPITALITY (BIRMINGHAM) LIMITED

#### Opinion

We have audited the financial statements of 11 Hospitality (Birmingham) Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty relating to going concern

We draw attention to note 2.3 in the financial statements, which explains the potential implications of the coronavirus pandemic for the Company. The note indicates that a material uncertainty exists that may cast doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## 11 HOSPITALITY (BIRMINGHAM) LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 11 HOSPITALITY (BIRMINGHAM) LIMITED (CONTINUED)

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## 11 HOSPITALITY (BIRMINGHAM) LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 11 HOSPITALITY (BIRMINGHAM) LIMITED (CONTINUED)

#### **Auditors' responsibilities for the audit of the financial statements**

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

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

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards, Company Law, Tax and Pensions legislation, and distributable profits legislation; and
- Those laws and regulations for which non-compliance may be fundamental to the operating aspects of the business and therefore may have a material effect on the financial statements include health and safety legislation, and various licensing regulations.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: enquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; testing the appropriateness of journal entries; and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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.

11 HOSPITALITY (BIRMINGHAM) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 11 HOSPITALITY (BIRMINGHAM) LIMITED  
(CONTINUED)

**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.

*Wilder Coe Ltd*

Jitendra Pattani BSc (Econ) FCA (Senior Statutory Auditor)  
for and on behalf of

**Wilder Coe Ltd**  
Chartered Accountants & Statutory Auditors  
1st Floor, Sackville House  
143-149 Fenchurch Street  
London  
EC3M 6BL

Date : 6th June 2022

11 HOSPITALITY (BIRMINGHAM) LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Turnover	3	3,737,905	2,262,419
Cost of sales		(1,891,544)	(2,077,932)
<b>Gross profit</b>		<b>1,846,361</b>	<b>184,487</b>
Selling expenses		(318,543)	(239,368)
Administrative expenses		(1,699,573)	(1,384,824)
Other operating income	4	271,321	638,577
<b>Operating profit/(loss)</b>		<b>99,566</b>	<b>(801,128)</b>
Interest receivable and similar income	7	4	12,594
Interest payable and similar expenses	8	(554,418)	(379,714)
<b>Loss on ordinary activities before taxation</b>		<b>(454,848)</b>	<b>(1,168,248)</b>
Taxation on loss on ordinary activities	9	(215,399)	(264,263)
<b>Loss for the financial year</b>		<b>(670,247)</b>	<b>(1,432,511)</b>
<b>Other comprehensive loss for the year</b>			
Movements on revaluation reserve		4,783,522	(97,380)
<b>Total comprehensive profit/(loss) for the year</b>		<b>4,113,275</b>	<b>(1,529,891)</b>

The notes on pages 12 to 21 form part of these financial statements.

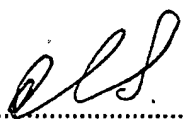
11 HOSPITALITY (BIRMINGHAM) LIMITED  
REGISTERED NUMBER: 04056337

BALANCE SHEET  
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	10	41,626,195	33,061,564
<b>Current assets</b>			
Stocks	11	28,025	13,337
Debtors	12	390,358	362,224
Cash at bank and in hand		927,649	377,652
		<u>1,346,032</u>	<u>753,213</u>
Creditors: amounts falling due within one year	13	(1,840,342)	(1,356,720)
<b>Net current liabilities</b>		<u>(494,310)</u>	<u>(603,507)</u>
<b>Total assets less current liabilities</b>		<u>41,131,885</u>	<u>32,458,057</u>
Creditors: amounts falling due after more than one year	14	(22,329,414)	(19,365,473)
<b>Provisions for liabilities</b>			
Deferred tax	15	(2,355,561)	(832,864)
<b>Net assets</b>		<u><u>16,446,910</u></u>	<u><u>12,259,720</u></u>
<b>Capital and reserves</b>			
Allotted, called up and fully paid share capital		2	2
Share premium account		600,000	600,000
Revaluation reserve		14,505,316	9,721,794
Profit and loss account		1,341,592	1,937,924
<b>Equity shareholders' funds</b>		<u><u>16,446,910</u></u>	<u><u>12,259,720</u></u>

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

6 JUNE 2022

  
.....  
**Bhupendra S Kansagra**  
Director

The notes on pages 12 to 21 form part of these financial statements.

11 HOSPITALITY (BIRMINGHAM) LIMITED.

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £	Share premium account £	Revaluation reserve £	Profit and loss account £	Total equity £
<b>At 1 January 2020</b>	<b>2</b>	<b>600,000</b>	<b>9,819,174</b>	<b>3,273,055</b>	<b>13,692,231</b>
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(1,432,511)	(1,432,511)
Transfer from revaluation reserve	-	-	(97,380)	97,380	-
<b>At 1 January 2021</b>	<b>2</b>	<b>600,000</b>	<b>9,721,794</b>	<b>1,937,924</b>	<b>12,259,720</b>
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(670,247)	(670,247)
Movements on revaluation reserve	-	-	4,783,522	73,915	4,857,437
<b>At 31 December 2021</b>	<b>2</b>	<b>600,000</b>	<b>14,505,316</b>	<b>1,341,592</b>	<b>16,446,910</b>

The notes on pages 12 to 21 form part of these financial statements.

## 11 HOSPITALITY (BIRMINGHAM) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1. General information

11 Hospitality (Birmingham) Limited (Company number: 04056337), having its registered office at Portland House, 69-71 Wembley Hill Road, Wembley, Middlesex, HA9 8BU, is a private limited company incorporated in England and Wales.

The principal place of business of the Company is Holiday Inn Birmingham Airport - NEC, Coventry Road, West Midlands, Birmingham, B26 3QW.

#### 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 management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

##### 2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Solai Holdings Limited as at 31 December 2021 and these financial statements may be obtained from the address given in note 17.

## 11 HOSPITALITY (BIRMINGHAM) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 2. Accounting policies (continued)

##### 2.3 Going Concern

The coronavirus pandemic has created unprecedented global uncertainty, particularly in the hospitality sector.

The financial statements have been prepared on a going concern basis, which the directors believe to be appropriate for the following reasons. As at 31 December 2021, the Company is in a net asset position. Furthermore, the Company's bankers have continued to support it through the pandemic as the Company has met its interest and capital repayment obligations in full. A full review of all loan obligations was performed in the year and the bank has issued waivers until 31 December 2022.

This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on external financial support, the directors acknowledge that there can be no certainty that this support will continue although at the date of approval of these financial statements, they have no reason to believe otherwise.

On this basis, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

##### 2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover is accrued throughout the guests' stay and room charges are recognised in the Statement of Comprehensive Income prior to checking out of the hotel. All income generated in the restaurants and bars that is not charged to the guests' room is recognised at the point of sale.

##### 2.5 Government grants

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

##### 2.6 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

##### 2.7 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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.

##### 2.8 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

## 11 HOSPITALITY (BIRMINGHAM) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 2. Accounting policies (continued)

##### 2.9 Pensions

###### Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income 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 Company in independently administered funds.

##### 2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income.

The current corporation 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 United Kingdom where the company operates and generates income.

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

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

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

## 11 HOSPITALITY (BIRMINGHAM) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 2. Accounting policies (continued)

##### 2.11 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.

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 and reducing balance method.

Depreciation is provided on the following basis:

Freehold property	- 2% straight-line
Plant, fixtures and fittings	- 25% reducing balance - 33% straight line
Freehold property improvements- in progress	not depreciated

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 the Statement of Comprehensive Income.

Freehold property improvements in progress are not depreciated. Once completed, these amounts are reclassified to the relevant asset class and depreciated in line with the depreciation policy applicable to that class.

##### 2.12 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.

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 the Statement of Comprehensive Income.

##### 2.13 Stocks

Stocks consist of food and drink and are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

##### 2.14 Debtors

Short-term debtors are measured at transaction price, less any impairment.

##### 2.15 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.

## 11 HOSPITALITY (BIRMINGHAM) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 2. Accounting policies (continued)

##### 2.16 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.

##### 2.17 Financial instruments

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

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.

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 Statement of Comprehensive Income.

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 Company would receive for the asset if it were to be sold at the Balance Sheet date.

#### 3. Turnover

The whole of the turnover is attributable to the principal activity of the company, being that of hotel ownership and operation.

All turnover arose within the United Kingdom.

#### 4. Other operating income

	2021 £	2020 £
Government grants receivable	171,321	638,577
Insurance claims receivable	100,000	-
	<u>271,321</u>	<u>638,577</u>

The government grants received consist of amounts related to the Coronavirus Job Retention Scheme. The insurance claims received relate to business interruption insurance.

**11 HOSPITALITY (BIRMINGHAM) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**5. Auditors' remuneration**

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	8,500	8,000

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of the parent Company.

**6. Employees**

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	1,209,108	1,449,367
Social security costs	87,634	98,689
Cost of defined contribution scheme	15,294	20,479
	<u>1,312,036</u>	<u>1,568,535</u>

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

	2021 No.	2020 No.
Administrative staff	70	105
Directors	3	3
	<u>73</u>	<u>108</u>

**7. Interest receivable and similar income**

	2021 £	2020 £
Other interest receivable	4	12,594

**8. Interest payable and similar expenses**

	2021 £	2020 £
Bank interest payable	233,127	295,812
Loans from group undertakings	321,291	83,902
	<u>554,418</u>	<u>379,714</u>

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NOTES TO THE FINANCIAL STATEMENTS  
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9. Taxation

	2021 £	2020 £
<b>Corporation tax</b>		
Current tax on loss for the year	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	(44,749)	264,263
Changes to tax rates	260,148	-
<b>Total deferred tax</b>	<b>215,399</b>	<b>264,263</b>
<b>Taxation on loss on ordinary activities</b>	<b>215,399</b>	<b>264,263</b>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Loss on ordinary activities before tax	(454,848)	(1,168,248)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(86,421)	(221,967)
<b>Effects of:</b>		
Capital allowances for year in excess of depreciation	(198,538)	(47,494)
Deferred tax	215,399	264,263
Creation of tax losses	298,838	290,555
Enhanced expenditure relief leading to a decrease in the tax charge	(13,879)	(21,094)
<b>Total tax charge for the year</b>	<b>215,399</b>	<b>264,263</b>

**Factors that may affect future tax charges**

As at 31 December 2021, the Company had trade losses of £1,572,830 (2020: £Nil as restated) and non-trade loan relationship deficits of £Nil (2020: £Nil as restated) available for group relief or to offset against future taxable profits.

11 HOSPITALITY (BIRMINGHAM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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10. Tangible fixed assets

	Freehold property £	Plant, fixtures and fittings £	Total £
<b>Cost or valuation</b>			
At 1 January 2021	29,140,187	7,408,500	36,548,687
Additions	-	3,329,972	3,329,972
Scrapped assets	-	(2,368,725)	(2,368,725)
Transfers between classes	7,303,597	(7,303,597)	-
Revaluations	4,556,216	-	4,556,216
At 31 December 2021	<u>41,000,000</u>	<u>1,066,150</u>	<u>42,066,150</u>
<b>Depreciation</b>			
At 1 January 2021	990,608	2,496,515	3,487,123
Charge for the year	617,911	312,165	930,076
Scrapped assets	-	(2,368,725)	(2,368,725)
On revalued assets	(1,608,519)	-	(1,608,519)
At 31 December 2021	<u>-</u>	<u>439,955</u>	<u>439,955</u>
<b>Net book value</b>			
At 31 December 2021	<u>41,000,000</u>	<u>626,195</u>	<u>41,626,195</u>
At 31 December 2020	<u>28,149,579</u>	<u>4,911,985</u>	<u>33,061,564</u>

Included in freehold property is freehold land at valuation of £4,374,998 (2020: £4,374,998) which is not depreciated.

The freehold property was revalued by the directors who are not qualified valuers on 31 December 2021. The valuation was based on the completion of the refurbishment project and upgrade of the hotel.

The historical cost of the land and property is £19,896,194 had the property not been revalued.

11. Stocks

	2021 £	2020 £
Stocks	<u>28,025</u>	<u>13,337</u>

**11 HOSPITALITY (BIRMINGHAM) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**12. Debtors**

	2021 £	2020 £
<b>Due within one year</b>		
Trade debtors	232,541	36,782
Other debtors	8,139	185,910
Prepayments and accrued income	149,678	139,532
	<u>390,358</u>	<u>362,224</u>

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

	2021 £	2020 £
Bank loans (secured - see note 14)	1,000,000	1,000,000
Trade creditors	309,691	171,108
Other taxation and social security	103,976	37,379
Other creditors	305,090	111,944
Accruals and deferred income	121,585	36,289
	<u>1,840,342</u>	<u>1,356,720</u>

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

	2021 £	2020 £
Bank loans	12,250,000	13,250,000
Amounts owed to group undertakings	10,079,414	6,115,473
	<u>22,329,414</u>	<u>19,365,473</u>

The bank loan is provided by Barclays Bank PLC.

The Company's bank loan is secured by way of fixed and floating charges over the property. The interest rate on this loan is at a margin of 1.45% over LIBOR. The term of the facility runs to September 2024.

Following the outbreak of the Covid-19 pandemic and the resultant restricted trading activity in 2020 and 2021, the Company breached its loan covenants under the loan agreement with Barclays Bank Plc. Following a review of all loan obligations in the year, a waiver was issued and the loan agreement was restated to incorporate the switch from LIBOR to the Bank of England rate. The waiver period runs to 31 December 2022.

11 HOSPITALITY (BIRMINGHAM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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15. Deferred taxation

	2021 £	2020 £
At beginning of year	832,864	568,601
Charged to profit or loss	215,399	264,263
Charged to revaluation reserve	1,307,298	-
<b>At end of year</b>	<b>2,355,561</b>	<b>832,864</b>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	1,083,953	475,346
Property revaluation	1,664,816	357,518
Tax losses	(393,208)	-
	<b>2,355,561</b>	<b>832,864</b>

16. Related party transactions

The Company has taken advantage of Section 33.1A of FRS 102 in not disclosing transactions between wholly-owned members of a group.

17. Immediate and ultimate controlling party

As at 31 December 2021 and 31 December 2020, the immediate parent undertaking was 11 Hospitality Limited, a company incorporated in England and Wales.

As at 31 December 2021 and 31 December 2020, the ultimate controlling parent and controlling party was Matel Limited, a company incorporated in Jersey.

The smallest and largest group in which the results of the Company are consolidated is that headed by Solai Holdings Limited, the consolidated accounts of which may be obtained from:

Portland House  
69-71 Wembley Hill Road  
Wembley  
Middlesex  
HA9 8BU