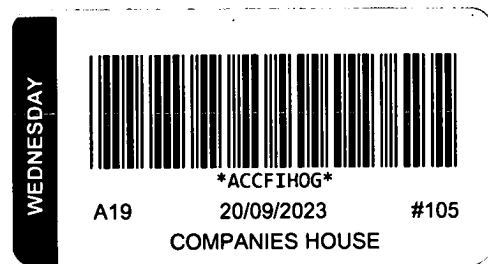


COMPANY NUMBER: 12970478

PPHE HEADCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



PPHE HEADCO LIMITED

Company number: 12970478

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PPHE HEADCO LIMITED

Company number: 12970478

COMPANY INFORMATION

Directors

V Ebbon
G Hegarty

Registered office

County Hall – Riverside Building 2nd
Floor
Belvedere Road
London
England
SE1 7GP

Company Number

12970478

Registered auditor

Mazars LLP
30 Old Bailey
London
EC4M 7AU

Bankers

Santander UK Plc

PPHE HEADCO LIMITED

Company number: 12970478

STRATEGIC REPORT

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company is currently a financing company to the Group.

Review of business

The company made a profit in the year of £30,332k (2021: £1,540k), due to the interest receivable on loans provided to group companies and the revaluation of foreign exchange on the loans.

The statement of financial position shows that the net carrying value of the Company's net assets at the year-end was £489,834k (2021: £459,502k).

Principal risks and uncertainties

The Company is directly exposed to the risks associated with the hotel industry as follows:

a. Treasury operations

The company has no borrowings and so its principal instruments are cash balances. In addition, the company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from the operations of the business.

b. Liquidity risk

The company manages its cash requirements at a group level to maximise interest income and minimise interest expense, whilst ensuring that the company has sufficient liquid resources to meet the operating needs of its business.

c. Interest rate risk

The company is exposed to fair value interest rate risk on its bank overdraft facility only. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligation which is part subject to a floating interest rate of LIBOR/SONIA plus a margin.

d. Foreign currency risk

At the year-end, there were no commitments to forward purchase any foreign currency.

PPHE HEADCO LIMITED

Company number: 12970478

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

e. Credit risk

Investments of cash surpluses are made with the company's main bankers. Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

f. Brexit risk

On 23 June 2016, the United Kingdom voted to formally resign its membership of the European Union and the country left the EU in December 2020 following a transition period. We do not expect Brexit to impact the company.

g. COVID-19 risk

Due to the global COVID-19 situation, the Company is monitoring the current situation and assessing the impact on a daily basis as the situation evolves. The pandemic does not directly impact the company however has impacted other group companies in which loans have been provided and this has been considered.

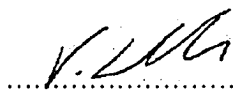
h. Ukraine risk

During 2022, Russia has invaded and started a war in Ukraine which is currently ongoing. Management have considered the current situation and consider there to be no direct impact on the Company, however are closely monitoring the situation as it unfolds.

Future business developments

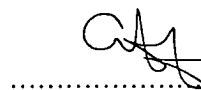
The directors expect the company to see consistent results in 2023 compared to 2022 as the main profit is generated by interest receivable on loans provided to other entities.

Approved by the Board and signed on its behalf by



V Ebbon
Director

Date: 14 September 2023



G. M. Hegarty
Director

Date: 14 September 2023

PPHE HEADCO LIMITED

Company number: 12970478

REPORT OF THE DIRECTORS

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

Matters covered in the strategic report

A review of the business including future developments and principal risks and uncertainties are not shown in the Directors' Report as this information is included within the Strategic Report under s414C(11) of the Companies Act 2006.

Results and dividends

The results for the year/period are set out on page 11.

The directors have not recommended a dividend for the current year (2021: £nil).

Directors

The directors of the Company from incorporation and until the date of this report were:

V Ebbon
G Hegarty

Going concern

As at 31 December 2022 the company's assets exceeded liabilities by £489,834k (2021: £459,502k). The directors have reviewed detailed business plans and cash flow projections to 31 December 2024 and believe that the company has sufficient cash resources to cover both working capital and capital expenditure requirements. The company has a strong balance sheet position and has been profitable since incorporation and is expected to be going forward.

The directors are satisfied that it is appropriate to prepare accounts on a going concern basis.

Subsequent events

There were no events subsequent to the balance sheet date that required adjustment to or disclosure in the financial statements.

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

PPHE HEADCO LIMITED

Company number: 12970478

REPORT OF THE DIRECTORS (continued)

Disabled Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled employees should, as far as possible be identical to that of other employees.

Employee involvement

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, company intranet and newsletter. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Details of the number of employees and related costs can be found in note 5 to the financial statements.

Disclosure of information to the auditor

So far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information, and taken such other steps for that purpose, as were required by their duty as directors of the company to exercise due care, skill and diligence.

Auditor

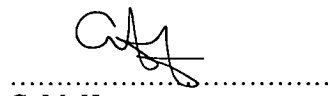
It is proposed that Mazars LLP will continue in office in accordance with the Companies Act 2006 section 487(2).

Approved by the Board and signed on its behalf by



V Ebbon
Director

Date: 14 September 2023



G. M. Hegarty
Director

Date: 14 September 2023

PPHE HEADCO LIMITED

Company number: 12970478

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable UK law and regulations. Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 those financial statements, the directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * comply with applicable UK Accounting Standards subject to any material departures disclosed and explained in the financial statements; and
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PPHE HEADCO LIMITED

Company number: 12970478

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PPHE HEADCO LIMITED**Opinion**

We have audited the financial statements of PPHE Headco Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 Auditor's 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 UK, including the FRC'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 auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's 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.

PPHE HEADCO LIMITED

Company number: 12970478

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PPHE HEADCO LIMITED
(continued)**

Opinions 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 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 specific 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 6, 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.

Auditor's responsibilities for the audit of the financial statements

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

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

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.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation and health and safety regulation.

PPHE HEADCO LIMITED

Company number: 12970478

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PPHE HEADCO LIMITED
(continued)**

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as: tax legislation, employment legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to: posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the completeness and cut off) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the director and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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. This description forms part of our auditor's report.

PPHE HEADCO LIMITED

Company number: 12970478

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PPHE HEADCO LIMITED
(continued)**

Use of the audit 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



Richard Metcalfe (Sep 15, 2023 16:22 GMT+1)

Richard Metcalfe (Senior statutory auditor)

for and on behalf of Mazars LLP, Chartered Accountants (Statutory auditor)

30 Old Bailey

London

EC4M 7AU

Date: Sep 15, 2023

PPHE HEADCO LIMITED

Company number: 12970478

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £'000	2021 £'000
Turnover	2,4	-	-
Cost of sales		-	-
Gross Profit		-	-
Administrative expenses		(346)	(326)
Operating loss	7	(346)	(326)
Interest receivable	8	18,758	17,015
Interest payable	9	(1,000)	(906)
Foreign exchange movement	7	12,920	(14,243)
Profit before taxation		30,332	1,540
Taxation	10	-	-
Profit for the year		30,332	1,540
Other comprehensive income for the year		-	-
Total comprehensive income for the year		30,332	1,540

All the company's activities were derived from continuing operations in the current year and prior period.

The notes on pages 14 to 24 form part of these financial statements.

PPHE HEADCO LIMITED

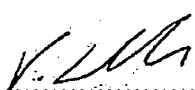
Company number: 12970478

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2022

		2022		2021	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Financial assets	11		497,576		452,579
			<u>497,576</u>		<u>452,579</u>
Current assets					
Debtors	12	4,478		4,018	
Cash and cash equivalents		<u>24,585</u>		<u>40,579</u>	
		29,063		44,597	
Current liabilities					
Trade and other payables	13	<u>(2,824)</u>		<u>(2,793)</u>	
Net current assets			26,239		41,804
Long term creditor	14		(33,981)		(34,881)
Net assets			<u>489,834</u>		<u>459,502</u>
Capital and reserves					
Share capital	15		-		-
Share premium	16		456,852		456,852
Retained profit	16		<u>32,982</u>		<u>2,650</u>
Total shareholders' funds - equity			<u>489,834</u>		<u>459,502</u>

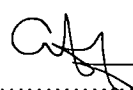
The accompanying notes are an integral part of this statement of financial position.

Approved by the Board and authorised for issue by:



V Ebbon
Director

Date: 14 September 2023



G. M. Hegarty
Director

Date: 14 September 2023

PPHE HEADCO LIMITED
Company number: 12970478

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share Capital £'000	Share Premium £'000	Retained Profit £'000	Total £'000
As at 31 December 2020	-	455,828	1,110	456,938
Profit for the year	-	-	1,540	1,540
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,540	1,540
Share premium generated in the year	-	1,024	-	1,024
As at 31 December 2021	-	456,852	2,650	459,502
Profit for the year	-	-	30,332	30,332
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	30,332	30,332
Share premium generated in the year	-	-	-	-
As at 31 December 2022	-	456,852	32,982	489,834

PPHE HEADCO LIMITED

Company number: 12970478

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****1. General information**

PPHE Headco Limited is a Company incorporated in the United Kingdom under the Companies Act. The nature of the Company's operations and its principal activities are set out in the Directors Report on pages 4 and 5. The address of the Company's registered office is set out on page 1.

The Company is an immediate subsidiary of Park Plaza Hotels (UK) Limited, a company incorporated in the United Kingdom and it's the ultimate parent, PPHE Hotel Group Ltd, incorporated in Guernsey.

2. Accounting policies**Basis of preparation**

The financial statements of PPHE Headco Limited have been prepared in accordance with International Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. The recognition, measurement and disclosure requirements (except for certain disclosure exemptions detailed below) of Financial Reporting Standards as adopted by the UK (UK-adopted IFRSs) have been applied to these financial statements and, where necessary, amendments have been made in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Groups Regulations 2008/410 ('Regulations').

The financial statements have been prepared on the historical cost basis unless otherwise specified within these accounting policies. The principal accounting policies set out below have been consistently applied to all periods presented.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they have continued to adopt the going concern basis of accounting in preparing the financial statements.

As at 31 December 2022 the company's assets exceeded liabilities by £489,834k (2021: £459,502k). The directors have reviewed detailed business plans and cash flow projections to 31 December 2024 and believe that the company has sufficient cash resources to cover both working capital and capital expenditure requirements. The company has a strong balance sheet position and has been profitable since incorporation and is expected to be going forward.

The directors are satisfied that it is appropriate to prepare accounts on a going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS101 paragraph 8:

- (i) The requirement of IFRS 7 'Financial Instruments: Disclosures' relating to the disclosure of financial instruments and the nature and extent of risks arising from such instruments;
- (ii) The applicable requirements of IAS 36 'Impairment of Assets' relating to the disclosures of estimates used to measure recoverable amounts;
- (iii) The applicable requirements of IAS 1 'Presentation of Financial Statements' relating to the disclosure of comparative information in respect of the number of shares outstanding at the beginning and end of the period (IAS 1.79a, iv), the reconciliation of the carrying amount of property, plant and equipment (IAS 16.73e) and the reconciliation of the carrying amount of intangible assets (IAS 18.118e);
- (iv) The requirement of IAS 1 'Presentation of Financial Statements' paragraph 10(d), the requirements to make an explicit and unreserved statement of compliance with IFRS;
- (v) The requirements of IAS 1 'Presentation of Financial Statements' paragraphs 38A to 40D relating to disclosures of comparative information;
- (vi) The requirement of IAS 1 'Presentation of Financial Statements' paragraphs 134 to 136 relating to the disclosure of capital management policies and objectives;
- (vii) The requirements of IAS 7 'Statement of Cash Flows' and IAS 1 'Presentation of Financial Statements' paragraph 10(d), 111 relating to the presentation of a Cash Flow Statement;
- (viii) The requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31 relating to the disclosure of standards, amendments and interpretations in issue but not yet effective; and
- (ix) The requirements of IAS 24 'Related Party Disclosures' paragraph 17 relating to the disclosure of key management personnel compensation and relating to the disclosure of related party transactions entered into between the Company and other wholly-owned subsidiaries of the group.

For the disclosure exemptions listed in points i to ii, the equivalent disclosures are included in the consolidated financial statements of the PPHE Hotel Group Limited which the Company is consolidated into and that are publicly available from www.pphe.com

PPHE HEADCO LIMITED

Company number: 12970478

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****2. Accounting policies (continued)****Standards, amendments and interpretations adopted in the current financial year ended 31 December 2022**

The adoption of the following mentioned standards, amendments and interpretations in the current year have not had a material impact on the Company's financial statements.

	UK effective date – periods beginning on or after
IAS 16 Property, Plant and Equipment (Amendment): Proceeds before Intended Use	1 January 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets: (Amendment): Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
IFRS 3 Business Combinations (Amendment): Reference to the Conceptual Framework	1 January 2022
Annual Improvements to IFRSs (2018 – 2020 cycle)	1 January 2022

Standards, amendments and interpretations in issue but not yet effective

The directors are currently assessing the impact of adopting the new standards and interpretations noted below.

	UK effective date – periods beginning on or after
IFRS 17 Insurance Contracts and Amendments to IFRS 17	1 January 2023
IFRS 17 Insurance Contracts (Amendment): Initial Application of IFRS 17 and IFRS 9 – Comparative Information	1 January 2023
IAS 1 Presentation of Financial Statements (Amendment): Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date	1 January 2024
IFRS 16 Leases (Amendment): Lease Liability in a Sale and Leaseback	1 January 2024

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

Revenue recognition

Turnover represents the amounts invoiced, excluding value added tax, in respect of services provided to the hotels. All of the revenue is derived from UK operations.

Functional currency

The functional currency of the Company is GBP sterling, the currency in which the majority of the Company's transactions are denominated, and all values are rounded to the nearest thousand (£'000), except where otherwise indicated.

Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into Sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the profit and loss account.

Taxation

Current and deferred tax charges are recognised in the profit and loss, except where the tax charge relates to items which are recognised directly in equity or other comprehensive income.

Current tax comprises the expected tax payable or receivable in respect of taxable profits or losses in the period plus any prior period adjustments. It is measured using the UK tax rates and laws enacted or substantially enacted at the reporting date.

Deferred taxation is provided in respect of temporary timing differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred taxation is measured on a non-discounted basis, using the UK tax rates and laws that are enacted or substantially enacted at the reporting date and are expected to apply in the periods in which the timing differences are expected to reverse.

Deferred tax assets are recognised only to the extent that it is probable that there will be sufficient future taxable profits against which it can be utilised.

Deferred tax assets and liabilities are off set when there is a legally enforceable right to do so, when they relate to income taxation by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument.

PPHE HEADCO LIMITED

Company number: 12970478

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

Financial assets

The Company classifies its financial assets as trade and other receivables. Classification of financial assets depends on the purpose for which the financial assets are required. The Company determines the classification of its financial assets at initial recognition.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and subsequently measured at amortised cost. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of any provision is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are recognised as financial assets. They comprise cash held by the Group and short term bank deposits with an original maturity date of three months or less.

Financial liabilities

The Company classifies its financial liabilities as trade and other payables. Classification of financial liabilities depends on the purpose for which the financial liabilities are required. The Company determines the classification of its financial liabilities at initial recognition.

Trade payables

Trade payables are initially recognised as financial liabilities measured at fair value, and subsequent to initial recognition measured at amortised cost.

Bank borrowings

Interest bearing bank loans, overdrafts and other loans are recognised as financial liabilities and recorded at fair value, net of direct issue costs. Finance costs are accounted for on the accruals basis in the income statement using the effective interest rate.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions, which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial period, are discussed below.

PPHE HEADCO LIMITED

Company number: 12970478

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****3. Critical accounting judgements and key sources of estimation uncertainty (continued)****Estimates*****Impairment of non-financial assets***

In assessing whether there have been any indicators of impairment of assets, the Directors have considered both external and internal sources of information such as market conditions, market yields and future projections.

Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from prepared budgets and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

For the year ended 31 December 2022, it was concluded that there were no indicators of impairment.

4. Revenue

An analysis of the Company's revenue is as follows:

	2022	2021
	£'000	£'000
Revenue from the United Kingdom	<u>-</u>	<u>-</u>

5. Staff costs

	2022	2021
	£'000	£'000
Wages and salaries	244	232
Social security costs	35	38
Pension costs	14	12
	<u>293</u>	<u>282</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

5. Staff costs (continued)

The average monthly number of employees during the year was:

	2022	2021
	Number	Number
Management & Admin	<u>3</u>	<u>3</u>
	<u>3</u>	<u>3</u>

The company operates a defined contribution scheme for employees. The assets of the scheme are held in a separate trustee administered fund. The pension costs charge represents contributions payable by the company to the fund amounting to £13,622 (2021: £12,325). There were no outstanding contributions at the year-end (2021: £nil).

The company received government grants relating to the Coronavirus Job Retention Scheme (CJRS) of £nil in the year (2021: £nil). This has been presented and included within the note above.

6. Directors' emoluments

The Company's directors did not receive any emoluments during the year in respect of their services to the company (2021: £nil).

7. Profit before tax

Profit before tax is stated after (crediting)/charging:

	2022	2021
	£'000	£'000
Foreign exchange variance	(12,920)	14,243
Auditor's remuneration – audit	8	5
Auditor's remuneration – other services	-	-

Audit fees have been borne by a fellow group company, Park Plaza Hotels (UK) Services Limited.

The foreign exchange variance is the movement on a long-term loan with a group company which was issued in Euros.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Interest receivable

	2022 £'000	2021 £'000
Intercompany loan interest receivable	<u>18,758</u>	<u>17,015</u>

9. Interest payable

	2022 £'000	2021 £'000
Intercompany loan interest payable	<u>1,000</u>	<u>906</u>

10. Taxation

	2022 £'000	2021 £'000
Current tax expense	-	-
In respect of prior period	<u>-</u>	<u>-</u>
Deferred tax expense	<u>-</u>	<u>-</u>
Total income tax charge in the statement of total comprehensive income	<u>-</u>	<u>-</u>

Factors affecting tax charge for the current year

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK: 19% (2021: 19%)

	2022 £'000	2021 £'000
Reconciliation of effective tax rate		
Profit before tax	<u>30,332</u>	<u>1,540</u>
Tax at the applicable tax rate of 19% (2021: 19%)	5,763	293
Group relief	(5,763)	(293)
Total income tax expense	<u>-</u>	<u>-</u>

The standard rate of UK Corporation Tax is to remain at 19% until 31 March 2023. The Finance Act 2021, which increased the UK corporate tax main rate from 19% to 25% from 1 April 2023 which substantively enacted in May 2021. In summary, the rate of corporation tax from 1 April 2023 will increase to 25% for companies generating taxable profits of more than £250,000. The current 19% tax rate will continue to apply to 'small' companies with profits less than £50,000, with a 'taper relief rate' for those companies with profits between the new thresholds.

PPHE HEADCO LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

11. Financial assets

	Long term Loans
	£'000
Costs	
At 1 January 2022	452,579
Movements in loan balance	44,997
At 31 December 2022	<u>497,576</u>
Impairment	
At 1 January 2022	-
Charge for the year	-
At 31 December 2022	<u>-</u>
Net book value	
At 31 December 2022	<u>497,576</u>
At 31 December 2021	<u>452,579</u>

During 2020, there was a loan restructuring completed on the intercompany loans and they were transferred to PPHE Headco Limited. These loans are considered long term loans to the entities within the group and have been classified as a financial asset due to the term of the loans.

12. Trade and other receivables

	2022 £'000	2021 £'000
Amounts due from related party undertakings	4,478	4,018
Prepayments and accrued income	<u>-</u>	<u>-</u>
	<u>4,478</u>	<u>4,018</u>

All amounts fall due within one year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

13. Trade and other payables

	2022 £'000	2021 £'000
Amounts due to related party undertakings	2,766	2,786
Accruals and deferred income	58	7
	<u>2,824</u>	<u>2,793</u>

14. Long term creditor

	2022 £'000	2021 £'000
Amounts due to related party undertaking	33,981	34,881
Maturity analysis		
Within one year	-	-
Within two to five years	-	-
Over five years	33,981	34,881
	<u>33,981</u>	<u>34,881</u>

The long term creditor is due to be fully repaid on 30 June 2025 and has an interest rate of 2.5% plus one year LIBOR/SONIA.

15. Share capital

	2022 £	2021 £
Authorised, allotted, called up and fully paid:		
2 Ordinary shares of £1 each	2	2

The Company has one class of ordinary shares which carry no right to fixed income.

16. Equity

	2022 £'000	2021 £'000
Share capital	-	-
Share premium	456,852	456,852
Retained profit for the year/period	32,982	2,650
	<u>489,834</u>	<u>459,502</u>

Retained profit

Retained profit represents accumulated comprehensive profit for the year/period.

Share Premium

The share premium arose in the year as part of the loan restructuring within the group and company.

PPHE HEADCO LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

17. Capital commitments

At 31 December 2022 and 31 December 2021 the Company had no capital commitments.

18. Related parties

The Company has taken advantage of the exemption under IAS 24, "Related Party Disclosures", not to disclose transactions with group undertakings as it is a subsidiary undertaking which is 100% controlled by the ultimate parent undertaking.

For the year-ended 31 December 2022 the Company had the following transactions with other subsidiaries of PPHE Hotel Group Limited that are not 100% owned.

Related Party	Creditors		Debtors		Revenue		Purchases	
	2022	2021	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Park Plaza County Hall	-	-	-	-	-	-	-	-

19. Control

The company's immediate parent and ultimate parent undertaking was PPHE Hotel Group Limited, a company registered in Guernsey.

The company's ultimate undertaking was PPHE Hotel Group Limited, a company registered in Guernsey. Copies of the consolidated financial statements of PPHE Hotel Group Limited are available to the public on the Company's website at www.pphe.com.

20. Subsequent Events

There were no events subsequent to the balance sheet date that required adjustment to or disclosure in the financial statements.