Registration number: 09281964

VUR Holdings (UK) Limited

Report and Consolidated Financial Statements

for the Year Ended 31 December 2021

VUR Holdings (UK) Limited

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VUR Holdings (UK) Limited

Company Information

Chief executive	G R Davis
Chief finance officer	P Roberts
Directors	C J Brenan S Siegel R Weissmann S V S Walker
Registered office	3rd Floor 63 St James's Street London SW1A 1LY
Auditors	Ernst & Young LLP Third Floor, Clockwise Edward House Edward Pavilion Albert Dock Liverpool L3 4AF

Introduction

The Directors present their strategic report for the year ended 31 December 2021.

The Directors present their strategic report for the year ended 31 December 2021. The Company is part of the Village Group, defined as VUR Holdings (UK) Limited and its subsidiaries (“the Group” or "Village"). The entities that comprise the Group are shown in Note 14.

The Group is ultimately owned and operated by investment funds managed by KSL Capital Partners ("KSL"). KSL is a private equity firm specialising in travel and leisure enterprises in five primary sectors: hospitality, recreation, clubs, real estate, and travel services. KSL has offices in Denver, Colorado; Stamford, Connecticut; Singapore and London, United Kingdom. KSL Capital Advisors LLC are the advisors with oversight of the fund.

The Directors consider that, in relation to their content, the annual report and financial statements comply with all aspects of the Walker Guidelines for Disclosure and Transparency in Private Equity published by the British Private Equity & Venture Capital Association (“BVCA”).

Overview of the Group

With 33 locations throughout the UK, and growing, Village offers so much more than a traditional mid-market hotel. Guests can enjoy affordable, stylish rooms with comfy beds, great showers, big TVs and clever gadgets as standard. But what makes Village unique is everything else it offers, all under one roof. Alongside its hotels, it has top of the range Health & Wellness Clubs with state-of-the-art kit, large swimming pool and award-winning gym classes at every location. As well as a Pub & Grill, it offers meeting and event rooms, VWorks co-working space and Starbucks coffee shop. All are available for guests, members and the local community to enjoy.

This unique mix of facilities brings a unique mix of customers and revenue opportunities, with Hotel Accommodation, Food & Beverage and Health & Wellness each contributing to a three-pronged business model. Village is able to maximise revenue by cross selling products and services and in turn has a unique proposition for both hotel guests and Health & Wellness club members alike. High volumes of both guests and members are a key feature of the business model, with hotel occupancy reaching an average of 58% during 2021 (2020: 36%) in spite of Covid-19 restrictions, and leisure members of 100,000 at 31 December 2021. This in turn drives cross sales within the Food & Beverage business, which itself benefits from significant organic demand in the local community.

A typical Village hotel would comprise the following:
• Average 132-bedroom hotel
• Pub & Grill
• Starbucks
• Function suite and meeting rooms
• Health & Wellness Club (together with full-size swimming pool and associated facilities)
• V-Works, a membership based co-working space (available at 22 locations).

Hotel accommodation

A stylish room with comfy bed and great shower come as standard, but surprising extras make for a great stay at Village. As well as full use of the wider facilities available at Village, all under one roof, the Company has invested in the latest technology to make the guest experience effortless, with many services now available through the Village Hotels app. Guests can check in online, order room service, chat to the team and use keyless room entry, all through the app.

Food & Beverage
In 2019 Village took the decision to consolidate the hotels' restaurant and bars into a single, all day dining concept called 'Pub & Grill'. Not only did this free up operational space for V-Works, it also gave the Company the chance to rebrand the core Food & Beverage offering, creating a more relevant and compelling offering for hotel guests, gym members and local audiences. Open from breakfast until late, the Pub & Grill offers a great selection of food and drinks, with live sports available on huge TV screens and cinema seating, giving the best view of all the action for avid sports fans.

Alongside the Pub & Grill, each hotel (with the exception of Liverpool) has a Starbucks coffee shop driving footfall from hotel guests, gym members and local audiences alike.

Food & Beverage revenues also include meetings and events offered at each hotel, with the hotels well equipped to host events from corporate meetings to weddings, including its modern flexible co-working space V-Works. This broadens Village's appeal to both businesses and consumers in the local community. Access to V-Works for hotel guests and gym members also differentiates Village's proposition in those markets from the competition.

Health & Wellness
Alongside every hotel is a Village Health & Wellness Club, providing a full-service health and fitness offering at every location. These facilities include an extensive gym with state of the art equipment, a full range of Les Mills fitness classes, an indoor swimming pool, sauna and steam room and more. With an average of 3,000 members per site at December 2021, Village Health & Wellness Club is an attractive offering as a standalone gym serving the local residential population. It expands the Group's appeal to a broader base of local consumers, who wouldn't necessarily use the hotel's accommodation services, and also complements the service received by hotel guests, with the unusually high calibre gym available as a unique selling point when compared to Village's competitive set at a mid-market hotel brand.

Group strategy
The Group's objective is to build value both organically and through the development of new hotels around the UK to build greater UK market share, in turn building greater national awareness of the Village Brand. Despite the impact of Covid-19 on the hospitality sector during 2020 and 2021, the Group remained committed during that time to the expansion of the Village brand.

From an organic growth perspective, the Group is committed to driving growth in each of the Group's three revenue streams, whilst improving margin by retaining the cost savings and leaner structure the Group had implemented during the Covid-19 closures. These factors are discussed further in the key trends impacting future performance section. The Group has also pursued an inorganic growth strategy focused on developing new hotels throughout the UK. It now has 33 hotels trading in the UK, having opened Village Eastleigh in May 2021 and an initial limited opening of Village Bracknell in December 2021 (with full opening in February 2022).

The Group has successfully both developed new builds and converted existing hotels to Village Hotels in the past and is confident in pursuing either option going forwards.

Tax strategy
In accordance with FA2016 Sch 19, this document sets out the tax strategy for the UK entities within the Village Hotels group.

The majority of Village transactional business is carried out wholly within the UK, with a small amount of non UK purchases and limited financing transactions with its non UK parent companies. As such, the vast majority of its internal focus and resource is applied to ensuring the correct tax treatment of its transactions with its UK customers, suppliers and lenders.

Tax Risks
As a group with volume based and cash/cash equivalent based transactions both income and cost related, the group seeks to minimize its exposure to tax risk - the incorrect interpretation or tax treatment of transactions - through the use of a cross functional team with representations from financial reporting, internal audit and payroll working together.

Management of Tax Risks
The group has put in place an appropriate framework which identifies tax risk, provides a structured approach to processes and controls to mitigate tax risk, and ensures and monitors that the correct tax treatment of transactions is being applied in the wider business. Internal governance processes include a framework for reporting key business risks on a monthly basis to the Executive Team, which include tax risks if and where appropriate.

Operational tax risks identified are included and reported on within the routine internal audit programme. Transactional level tax risk is given appropriate focus during the monthly and quarterly preparation of returns for both VAT and employment taxes.

For any uncertainty around the interpretation of tax legislation and HMRC guidance, or tax treatment of its limited non UK transactions, the group looks to its external advisors for assistance and acts accordingly based on the advice given.

Tax Planning
The group's commercial objectives to expand and drive the Village business forward are key. The group seeks to implement its strategy for growth within the most tax efficient structure to achieve its commercials goals by applying both the letter and spirit of all tax legislation.

By application of the correct tax treatment to its commercial transactions, the group seeks to ensure that the right amount of tax is paid at the right time, while making use of tax reliefs that are correctly available to it in order to minimise any cash tax payable.

Working with HMRC
The group strives to ensure that HMRC consider the business to be Low Risk in its management across all taxes by having a proactive, open and honest dialogue on a real time basis where possible.

VUR Holdings (UK) Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

Position of the Group at the end of 2021
The Group made a profit after taxation of £37,712,000 (2020: Loss of £125,975,000) which included £43,875,000 gain on revaluation (2020: loss of £77,939,000) in respect of the Directors' fair value assessment of assets.

At 31 December, the Directors value the Group's hotel property portfolio at £683,350,000 (2020: £569,650,000), an increase of 20% on the prior year.

For the twelve months to 31 December 2021, the Group generated sales of £139,963,000 (2020: £86,465,000) and operating profit of £53,862,000 (2020: Loss of £111,408,000).

The Group cash inflow from operations was £52,023,000 (2020: cash outflow £5,121,000). At 31 December 2021, the Group had cash of £29,079,000 (2020: £9,350,000) and bank borrowings of £405,727,000 (2020: £409,257,000).

The Group is financed by bank borrowings (Senior Loan), unsecured debt (Related Party Loan) and equity provided by funds managed by KSL.

The Group obtained an extension to its loan facilities in November 2021 to ensure its continued liquidity. Following the end of the financial year, in March 2022 the Group obtained a new facility with new lenders Village Finco 2022 LLC and Euro Ruby Private Limited for an initial three year term, terminating on 25 March 2025. The Group believes that this secures its financial stability for the foreseeable future.

At year end the Company has issued share capital comprising 217,217,000 Ordinary Shares of £1 each as shown in note 20. VUR Holdings II Sarl holds 100% of the share capital. The ultimate controlling party is disclosed in note 26.

Changes to reserves in 2021
During the year the Company issued 17,000,000 new shares at £1 per share totalling £17,000,000. Subsequent to year end it underwent a share capital reduction, through which it reduced its share capital by £195,495,000. The Company subsequently paid a dividend of £43,846,000 to KSL.

Development and performance of the Group in 2021
The Group operated 33 hotels, with Bracknell still under construction as at the year end, at the following locations:

Aberdeen	Dudley	Newcastle
Ashton Moss	Edinburgh	Nottingham
Basingstoke	Farnborough	Portsmouth
Blackpool	Glasgow	St David's nr Chester
Bournemouth	Hyde	Solihull
Bracknell (limited opening December 2021)	Hull	Southampton Eastleigh (opened May 2021)
Bristol	Leeds North	Swansea
Bury	Leeds South	Swindon
Cardiff	Liverpool	Walsall
Cheadle	London Watford	Warrington
Coventry	Maidstone	Wirral

The 2021 year was one of two halves, with performance in the first half of the year significantly below 2019 levels, as expected due to the ongoing impact of Covid-19 restrictions. However, following the lifting of all restrictions in July 2021, the Group performed well such that EBITDA in the second half of the year exceeded that of the comparative period in 2019.

The year commenced with the announcement of a third national lockdown on 4 January 2021. The Group continued its strategy of remaining open to provide accommodation for essential workers and necessary business travel during the lockdown, whilst being careful to ensure it operated within government guidelines.

This limited trading meant that the Group and its staff were well placed to ramp up operations as the lockdown gradually eased, commencing from 12 April 2021 with the reopening of non-essential retail and outdoor hospitality. The full reopening of the hotel business from 17 May 2021 meant that the Group returned to profit each month from May 2021 onwards, and closed FY21 with Group EBITDA of £70,394,000 after exceptional income of £43,693,000. EBITDA pre exceptional items was £26,701,000.

The hotel business was quick to react to the reopening of hospitality and capitalise on pent up consumer demand, also benefitting from international Covid-19 travel restrictions enhancing the popularity of the UK ‘staycation’. The hotels business continued to perform well throughout the second half of the year, despite rising concerns about the Omicron variant at the end of the year.

The Food & Beverage business also performed well in the second half of the year, with the Pub and Grill and Starbucks trading at 2019 levels. Meetings and events recovered but not to 2019 levels due to some consumer and business uncertainty around larger events, particularly at the end of the year as concerns about the Omicron variant arose.

In the Health & Wellness business, memberships had continued to decline from the start of the year position of 75,000 until April 2021, however they quickly grew again from May 2021 onwards. The Group finished the year with 100,000 members, slightly ahead of the number it had at the end of 2019.

Throughout the prior year in 2020 the Group had focused on cost control to minimise losses associated with Covid-19, reducing staff costs and central office costs in particular (through various cost saving initiatives and the Coronavirus Job Retention Scheme). The Group was able to retain some of its cost savings in 2021 to help mitigate the lower revenues earned in the first half of the year. These cost efficiencies contributed to the impressive delivery of EBITDA c£2.3m. above 2019 levels across the last six months of 2021.

In relation to development, the Group continued to pursue its ambitious growth strategy despite the impact of Covid-19 on its trading. Its 32nd hotel at Eastleigh, a new build, was opened in May 2021 with strong performance particularly in its Health & Wellness business. In May 2021 the Group also acquired an existing hotel in Bracknell for conversion. Following refurbishment works to convert the hotel to the Village proposition, part of the hotel was opened for trading in December 2021, becoming fully operational in February 2022 following completion of the refurbishment works. The Group also completed agreements to purchase land for new development in June 2022.

Key Performance Indicators (KPIs)

The Company's key financial and other performance indicators during the year were as follows:

		2021	2020 (As restated)
Group revenue	£ 000	139,963	86,465
Group cost of sales	£ 000	(66,674)	(56,342)
Group gross profit	£ 000	73,289	30,123
Group gross margin	%	52.4%	34.8%
Group EBITDA pre exceptionals	£ 000	26,701	(13,664)
Group EBITDA pre exceptionals margin	%	19.1%	-15.5%
Group exceptionals (1)	£ 000	43,693	(77,939)
Group EBITDA post exceptionals	£ 000	70,394	(91,603)
Group EBITDA margin	%	50.3%	-105.9%
Health & Wellness Member numbers at year end	No.	100,000	75,000
Average room numbers per hotel	No.	132	130
Number of hotels	No	33	31
Average number of employees in the year	No.	3,358	5,232

(1) Exceptional items include revaluation gains and fees for redundancy.

The above key performance indicators provide clear indications to the Company of its performance at every level, from a financial and commercial perspective. These metrics are used at board level to appraise the ongoing performance of the Company and inform strategic decision making.

Key trends and factors affecting future performance

Consumer customer trends
The Group has considered that the increasing cost of living could reduce consumer discretionary spending in the future. All three of the Group’s service offerings could be impacted by this to some degree, although the Group enjoys a diverse customer profile with a mix of consumer and business clients so is not reliant on consumers on the whole. It continues to review this internally and has considered how to mitigate reduced consumer spending in each category of its business.

In relation to the hotel business, the Group uses dynamic pricing to capitalise on high demand periods, good communication with guests about upcoming offers, and enjoys a differentiated offering from competitors through its high calibre gym, varied food options and V-Works. The Food & Beverage offering is regularly reviewed to remain attractive and relevant, whilst maximising margin, and also benefits from good communication of offers. This includes regular hosting of events nights to boost revenues and raise the profile of the hotels in the community as a venue for events such as weddings.

The Health & Wellness business specifically is entirely dependent on consumer spend, and as such the Group continuously invests in the good maintenance of all of its facilities to attract new members, as well as retaining existing ones, differentiating itself from the competition and delivering good value for money. The previous investment in technology is also advantageous, including the Village Leisure App which allows members direct access to book classes, take advantage of member discounts and promotions and join in the increased sense of being part of a club due to instant, frequent and relevant communication. Village views member engagement as a priority and a key tool to enhance member retention in the face of a competitive market. It is also possible that some consumers value their health and wellbeing more highly since being deprived of access to leisure clubs during the Covid-19 restrictions.

Corporate customer trends

In the first part of 2021 the hotels were partially opened for essential workers, which demonstrated to the Group that it enjoys a strong base of corporate customers whose workers are required to travel and complete their duties at a variety of different locations, in industries such as infrastructure. As such revenues from such customers should be relatively steady and shielded from economic fluctuations, although the Group keeps this under review. This benefits both the Hotel and Food & Beverage services.

Whilst many businesses have returned completely to pre-Covid-19 working practices, in some companies many previously office-based staff have become at least partially remotely based. The Group considers that this could be beneficial for its 'V-Works' offering, allowing individuals to take workspace on a flexible basis as a break from the home environment, and allowing corporates to offer a safe working environment with on site gym and Food & Beverage facilities, particularly if they have elected to downsize their offices.

There was corporate uncertainty around events even at the end of 2021 due to concerns in the market about the Omicron variant, with the number events like Christmas parties continuing to be depressed compared to pre Covid-19. The Group is hopeful that this year, following the final lifting of any restrictions in the UK in February 2022, there could be continued improvements in events services.

Principal risks and uncertainties affecting future performance

As well as reviewing performance and considering strategy, the Directors and senior management identify business risks and ensure that risk mitigation plans and controls are in place. The principal trends and risks faced by the Group are:

Economic risk

Following the removal of all Covid-19 restrictions in the UK, and the repeated public assurances given by the UK Government that there will be no further restrictions placed on the UK public relating to Covid-19, the Directors believe that a lockdown and its impact on the UK economy is no longer a plausible business risk.

The Group is principally concerned with risks associated with the current pressures on the UK economy such as rising inflation, which might contribute to a downturn in the economy. In terms of the impact this might have on revenues, the Directors consider that unfavourable economic conditions could reduce consumer discretionary spending. This was discussed further in the trends and factors effecting future performance above.

In relation to costs, the rise in inflation is partially attributed to increasing utility costs and other costs, including food costs, in the UK market. The Group has sought to mitigate the impact of further increases in the future through various policies and continues to review these on a regular basis, including hedging against utility price increases. The Group has also factored anticipated rises in wages and salaries into its forecasts.

Ukraine/Russia conflict risk
The Group is fully supportive of all those impacted by the ongoing conflict in the Ukraine and has offered its assistance to authorities to help refugees in the UK, providing jobs and accommodation. In relation to the potential impact on its business, all of the Group's sales are made in the UK, and the Group does not directly import goods itself, but relies on its major suppliers in relation to sourcing goods (primarily food suppliers). They ensure that they can continue to fulfil the Group's purchase requirements as per their contracts with the Group, and the Group also actively practices menu engineering to ensure it can source ingredients required.

Financial loss risk
With a large number of geographically dispersed business units, the Group is exposed to the risk of financial loss and the Directors seek to mitigate these risks by providing clear guidelines and operating control standards. These are set out within the Group’s Financial Control Policy which ensures that management understand what is expected in this context.

The Group’s internal audit function visits every location unannounced at least annually and reports to both management at the hotel, the General Counsel and the Group Financial Controller. The Group has also formalised its risk management processes with a detailed risk control framework.

Personal health, safety and security risk
Thousands of people stay in the hotels and visit the Group’s Health & Wellness and Food & Beverage facilities every day. The Group employs a dedicated Health and Safety team to ensure that robust processes are in place at all times to protect customers and employees, whose wellbeing is its paramount concern, and to maintain the highest hygiene standards.

Cyber Security and Information Technology risk
The Group relies on up-to-date hardware and software to run all areas of its business both customer facing - point of sale systems, guest check in, leisure memberships, and administrative - booking systems, financial systems etc. Contingency plans are in place to ensure that the impact of any potential system failures on the day-to-day operations of the Group is minimised as far as possible.

The Group recognises the potential threat of unauthorised access to personal and financial information held within its many interlinking and stand-alone systems. The Group actively conducts frequent penetration testing of its infrastructure and updates its hardware to ensure that its security remains as robust as possible against potential attack.

Interest risk
As a condition of the new Facility Agreement obtained in March 2022, the Group has obtained financial instruments to protect it from further interest rate rises following the continued increase in the Bank of England interest rate from December 2021. This instrument covers the period to March 2024.

Liquidity risk
The Group aims to mitigate cash flow risk by carefully managing and monitoring its cash generation from its operations. Following the end of the financial year, in March 2022 the Group obtained a new facility with new lenders Village Finco 2022 LLC and Euro Ruby Private Limited for an initial three year term. Under both the old and the new facilities, the Group maintains open dialogue with both KSL and its lenders, and a detailed treasury model updated with sufficient regularity ensures potential liquidity or financial covenant challenges would be addressed and resolved quickly. This is included in the monthly and quarterly reporting that the Group makes to its lenders and KSL. The forecast also allows the Group to maintain a self-imposed minimum cash holding as a buffer. As at year end the cash balance for the Group was £29,079,000.

Credit risk
The Group’s objective is to reduce the risk of financial loss due to a counter party’s failure to honour its obligations. Standard payment terms of 21 days are quoted to customers for credit contracts.

Credit management procedures are performed in line with Group guidelines including a weekly review of debtor ageing by senior finance management to ensure that the Group’s exposure is appropriately managed.

Climate change risk

The nature of the Group’s activities and the fact that they are located in the UK in areas over a very broad geographical area mean that the Group's direct exposure of its assets to major adverse weather related impacts of climate change are assessed as relatively low risk. The Directors do not anticipate their assets will be affected by any major adverse weather related incidents and in any event the Group has insurance against any major adverse weather-related incidents such as fire, lightning, earthquakes and storms. Notwithstanding the assessment of the direct impact of climate change on its assets the Group is committed to finding a path to net zero and is committed to its ESG policy and principles.

Foreign exchange risk

The Group’s trading exposure to currencies other than Sterling has been and remains extremely low, as to be expected for a Group whose trading activities are all UK-based. The Group does not use derivatives to manage its currency exposure.

Statement by the Directors in performance of their statutory duties in accordance with s172 (1) Companies Act 2006

Section 172(1) of the Companies Act 2006 requires a Director of a company to act in a way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as whole (having regard to the stakeholders and matters set out in S172(1) (a-f) of the Act).

Continuous and secure development and growth is a priority for the Group, underpinned by a vision to ensure the Group is developed to operate as efficiently as possible and with an expectation of the highest standards. This ensures a secure business model with a focus on guest satisfaction, people and quality that place Village at the heart of its community.

Structure and Key Stakeholders

The Group has a structure that allows for regular dialogue between the Board, being the Directors, the Chief Executive Officer and the Chief Financial Officer, and the Executive Team for any matters that arise, and key business priorities are regularly discussed and updated as part of the long-term business plan.

The Group recognises its key stakeholders as shareholders, employees, guests, leisure members, suppliers, the local community and regulatory authorities.

Shareholders

The Group holds a Main Board meeting three times a year attended by the Directors, Executive Team and its shareholders and their representatives. At every meeting the Board receives a full report on financial and operational performance, sales and marketing, compliance, key business opportunities and ESG (Environmental and Social Governance). At these Board meetings approval is sought for key decisions that will impact the Group. Board minutes are also taken at each meeting in line with the Group's statutory obligations.

In addition to main Board meetings, shareholders are updated as to the financial status of the Group every month by the Directors, the Chief Executive Officer and the Chief Financial Officer. Through these communications the Group maintains an open dialogue with its shareholders, who are in turn able to feed into key strategic decisions.

Employees
The Group provides regular updates to its employees about changes to the business, its management and key developments such as new hotel openings, which are communicated through various channels. It is keen to ensure that this communication channel works both ways, and conducts a regular employee survey to take onboard employees' suggestions and any concerns. The Group also has initiatives such as "GM Good morning and GM good night", monthly forums for employees to have business updates as well as an open question time with their managers.

The Directors believe that engagement is key to the success of the Group, enhancing loyalty and employee longevity with the Group, as well as ensuring employees are immersed within the Group's values and vision. It ensures employees have a sense of purpose, value and belonging. Strong engagement drives delivery of product and brand and ultimately the profitability of the Group. It is driven through training and development and the Group has multiple development programmes at grass roots level and for both middle and senior management in hotels.

Guests
Guests are a priority and the Group trains its management team on the importance of service and standards. Providing guests with high standards of service is vital, as by understanding the guest journey Village can look to improve its offering.

The Group engages with third party providers such as Review Pro to understand how guests feel about their experience. In addition, reviews on TripAdvisor and Booking.com are closely monitored to produce a Global Review Index (GRI) that gives each property a score to measure guest satisfaction. All guests who stay at a Village hotel are also asked to complete an online Guest Satisfaction Survey, which covers all areas of the guest journey.

Village has been able to adapt and change its brand procedures and policies based on suggested comments from guests, these insights give management and the Directors transparency of the top performing hotels and best practices that can be shared.

Leisure Members
Health & Wellness accounts for approximately 20% of the Group's revenue. Village sees member engagement as one of the key elements in ensuring member retention and liaises with members on a national basis through direct marketing and member communications and regular updates in clubs that appeal to a more local base. The app also facilitates these direct communications with members.

Suppliers
Village considers itself to be in partnership with its suppliers, operating an Ethical Code of Conduct and undertaking regular audits of all material suppliers to ensure good practice and accountability. The Procurement team undertakes visits to key suppliers on their premises and meets with their senior teams to jointly engage in regular dialogue, scoping out the need for both parties to ensure ethical, commercially viable and sustainable continuity of the supply chain.

The Procurement team also obtains feedback from the Hotels to ensure that they stay close to the observations and requirements of the hotel operators and jointly agree plans and shared objectives to continually improve goods and services. Financial and Ethical controls are then put in place including ensuring that Directors have visibility over the key contractual relationships that exist.

Community
The location of the hotels being outside of city centre locations means that the hotel is very much a part of the community in which it is located. Village has implemented several initiatives including the Village Green initiative to engage with both local and national communities, from charitable events, regular sporting clubs and networking events that ensure the local community is as engaged as possible. In 2021 this included the Sock it to Winter campaign, in which the Group donated 10,800 socks to homeless charities, litter picks around its hotels, and donations of hotel stays and lunches to local community charities and carers.

VUR Holdings (UK) Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

Regulators
Village actively engages with local and national regulators to ensure compliance is dealt with in an open and transparent manner. This involves regular engagement with Environmental Health Officers, Police, Licensing Authorities, the ICO and HMRC. The Directors recognise that compliance and transparency are key to the growth of the Group.

Decisions and Impact
Sustainability is a focus for the Village, and it continues to work with a third party in targeting a reduction in energy usage across the group. The Directors encourage and support an approach to new initiatives and have encouraged members of the Executive Team to oversee and drive forward energy management across the Village Group.

Environmental and Social Governance (ESG)
The Group recognises that an essential part of being a responsible business is caring for the environment. Work around environmental issues is led by the Executive Team and their role is to encourage each hotel to reduce their impact on the environment and carbon footprint, and create a clear and transparent path to Net-Zero.

The Group has policies and practices in place to focus on specific operations and how the Group’s current impact on the environment can be mitigated. The Group’s strategy for 2021 was to fully understand its position in the market with regards to the effect of its hotel operations on the environment and its carbon emissions. The Group’s future goals will be set against the background of understanding and improving operating efficiencies to ensure that the path to Net Zero is planned, measured and clearly implemented.

The Group continues to engage a third party environmental consultant, to incorporate monitoring systems onto its Building Management Systems (BMS) to evaluate energy usage and advise on actions to be taken to reduce energy consumption. The BMS system is a key component in energy management and the Group has continued to invest in BMS systems in every hotel it has developed.

An e-learning module on the staff training platform is also in development to ensure all staff are aware of energy usage and the impact of their actions and workflows, including regular communications with employees.

The Group's Streamlined Energy and Carbon Report can be found within the Director's report.

New development hotels
Village continues to improve its model for new build hotels. For new build hotels that are being developed, the Group’s aim is to achieve a Building Research Establishment Environmental Assessment Method (BREEAM) rating of "Good" or “Very Good” on all hotels built from 2015 onwards. This rating is only awarded on the basis that the development is designed and managed with the environmental impacts in mind and the award requires ecological surveys to minimise impacts on land and natural habitats, energy efficient lighting and mechanical/electrical plant, thermally efficient external envelop, natural ventilation where possible, as well as an active ‘travel management plan’ to understand how customers and staff will access and utilise the hotel in the surrounding local environment. At 31 December 2021 six properties in the Group’s portfolio had BREEAM ratings, three very good and three good.

The Group also engages competent and experienced construction contractors who have achieved the Carbon Trust Supply Chain Standard. This focuses on reducing CO2 emissions throughout the supply chain by engaging likeminded competent and experienced supply chain partners.

Waste disposal and recycling
The Group is registered with Recycle Pak, a National Compliance Scheme registered to serve companies under the Packaging Waste Regulations. The Group aims to divert the maximum amount of waste possible from landfill.

General Data Protection Regulations (GDPR) Statement
The Group is committed to ensuring that all personal data held is both necessary and relevant and is held securely in accordance with the Group's Data Protection Strategy. The Group's privacy policy can be found at https://www.village-hotels.co.uk/privacy-policy/

Procurement Policy
The Procurement team works closely with the Risk and Safety Manager to ensure that Government legislation is applied and guidelines are being followed throughout the Village portfolio. Examples of this are:
• The availability and update of allergen information for customers and employees.
• Due diligence checks for new suppliers to ensure they are meeting the legal risk and safety requirements as well as being ethically, environmentally and socially responsible.
• The reduction of waste to landfill, introduction of recycling initiatives and management of waste notes. The Procurement team together with all nominated suppliers within the Village supply chain, work within the Bribery Act 2010 guidelines.

Modern Slavery Statement
The Group recognise that although slavery, servitude, forced labour and human trafficking ('Modern Slavery') is illegal, it remains a growing issue in the UK. In an increasingly global marketplace, the Group also recognises that all businesses have a responsibility to understand whether modern slavery and human trafficking is taking place within their businesses and supply chains and this is a responsibility that the Group takes seriously. It is committed to making meaningful and long term improvements to workers' employment and workplace conditions including but not limited to the prevention of forced, bonded and trafficked labour. The Group achieves this through policies and governance, which are supported by a committed organisation and leadership.

The Group's Modern Slavery statement can be found at:
https://www.village-hotels.co.uk/modern-slavery-statement/

Employees
The Group recognises that employees are its future and Village offers several opportunities for our teams to help them develop their true potential. The number of employees in the Group at 31 December 2021 was 4,115, which rose from 2,910 in January.

Equal opportunities
The Group is committed to being an equal opportunities employer and to maintaining a working environment free from discrimination, victimisation, harassment and bullying. During recruitment, transfer, promotion, training or in the assessment of salary and benefits, the Group aims to ensure that all applicants, employees and workers receive equal treatment irrespective of their sex, marital or civil partnership status, sexual orientation, race, colour, ethnic or national origins, religion or belief, working hours, disability, age or temporary agency status.

Training and identifying talent
The Group provides training to all employees on how to deliver excellent service to all of its customers and uses an annual appraisal system to identify further training needs around its core values and to build succession plans. The Group encourages growth from within and identifies team members who have the qualities for future senior roles within the Group. Development programmes are in operation to enable those employees to achieve their full potential within Village.

Employee engagement
The Group encourages honest feedback from all of its employees and carries out ongoing performance management programmes. A full engagement programme which embraces, reward, recognition, motivation, inclusion and communication is in operation throughout the Group in order to drive the results of employee feedback and recognise the needs of its people, as outlined above. In the Group's last engagement survey in the year in October 2021, 94% of employees were 'very engaged'. In order to retain this high level of engagement, the Group is also in progress with relaunching its reward platform, enhancing a variety of benefits and initiatives available for staff.

Employee health and wellbeing

The Group understands how important it is to look after the health and wellbeing of its employees. Gym memberships are therefore offered free to all staff and at a discounted rate to their families to encourage an active and healthy lifestyle. The Group provides as standard mental health awareness training via an online platform to raise awareness of how its employees can support both themselves and others. A confidential Employee Assistance programme is also provided to support employees in dealing with all aspects of life's challenges.

Gender Diversity Information

The Group is committed to diversity in all forms and strives to create a transparent, inclusive and egalitarian culture that recognises diversity not just in terms of gender, but supports all colleagues regardless of their race, religion, sexual orientation or background.

The Group uses development and internal training to grow all employees in their chosen career paths, regardless of gender. This is supported by an enhanced recruitment process, ensuring that the Group is the best in class in recruiting employees who match the values of the brand. The Group commits to continue to attract women to its Group through continually reviewing its benefits and packages and giving equal access to development opportunities to all.

The largest employer in the Group, VUR Village Trading No 1 Limited, is required to comply with regulations on gender pay gap reporting. The report for that Company is outlined below.

At 31 December 2021, the table below shows the breakdown of roles by gender:

	2021		2020	
	Senior leadership team	Employees	Senior leadership team	Employees
Female	9	1,562	7	1,715
Male	9	1,232	2	1,289

The Company carried out its Gender Pay Gap review for 2021 with the results shown below:

	2021		2020	
	Mean	Median	Mean	Median
Gender Pay Gap	14%	15%	10%	2%
Gender Bonus Gap	-169%	-400%	25%	36%

In 2021 the Company's gender pay gap was such that women received a higher pay and bonus on average than men. Note that the Company directors are not direct employees of the Company.

The Company's full Gender Pay Gap Statement can be found on Village hotels website:
https://www.village-hotels.co.uk/gender-pay-gap/

Flexible working

Village operates a flexible working policy and recognises the requirement for flexible working options and work life balance. A great number of requests have been approved, providing a positive impact for employees and particularly those returning from parental leave at all levels within the Group. The introduction of homeworking and video conferencing has allowed further flexibility and retention of both male and female employees. The Group continues to monitor both productivity and staff feedback on the benefits of working flexibly.

Remuneration and incentive policy

Village has a consistent approach to remuneration aimed at ensuring all employees are paid fairly based on hotel performance and market conditions. The Group has a monthly salary review policy allowing for continued review of all rates of pay across the UK for all employees. The Group commits monthly to reviewing all promotions and salary increases for fairness and consistency via a senior HR and management check. Village operates a wide incentive and commission structure at all levels of the Group.

Promotion and progression

Village is committed to promoting from within and has numerous examples of internal moves across the brand showing a strength in progressing employees through career paths. Village operates a Rising Star programme which focuses on the promotion of talent within the Business into leadership and General Management roles across three grades, providing learning modules and mentoring. The programme began in 2019 and currently has 57 employees participating. Village is particularly committed to driving more females into General Management roles.

7/29/2022

Approved and authorised by the Board on .... and signed on its behalf by:

DocuSigned by:

Stephen Walker

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S V S Walker

Director

VUR Holdings (UK) Limited

Statement of Corporate Governance for the Year Ended 31 December 2021

Introduction
The Wates Corporate Governance Principles for Large Private Companies serve as the framework to demonstrate how Directors have had regard for the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 when performing their duties, including how Directors have engaged with and considered the interests of stakeholders including UK employees, suppliers, customers and those in a principal business relationship with the Group. Reporting against the Wates Principles is included in the Corporate Governance Statement below.

Corporate Governance Statement
For the year ended 31 December 2021, under The Companies (Miscellaneous Reporting) Regulations 2018, the Group has applied the Wates Corporate Governance Principles for Large Private Companies. The Directors have set out below an explanation of how the Wates Principles have been applied during the year.

Principle 1 - Purpose and Leadership
The Directors of the Group together with the Chief Executive Officer and Chief Financial Officer are considered the Main Board (“Main Board"). The Main Board engages with the wider executive team (“the Executive Team ") a team that is made up of key leaders in the Group who have accountability and responsibility of a defined operational or compliance role. The Main Board actively engages with the Executive Team in setting the intentions and purpose of the Group.

The Group is a unique hotel owner operator. It owns all 33 hotels in the UK and is able to assess full control over its operations. The Group’s strategy is to provide customers with a complete ‘all-in-one’ experience through its exceptional hotel rooms, a food and beverage offering of a pub and grill and a coffee shop and a full leisure facility and gym complete with a swimming pool. It also offers a co-working space in a number of its hotels.

The Group champions the wellbeing of its employees and having a positive impact on the communities it operates in.

Principle 2 - Leadership composition
The Group is privately owned. It is not listed on the stock exchange but it does adhere to the principles of good governance to guarantee economic performance, exemplary administration and management, and trust and transparency.

The Group has a Corporate Governance Policy that enables it to manage and identify who can report to the Board and can deal more effectively with the challenges of running a Group.

The intention of the Corporate Governance Policy is to ensure that the business has appropriate decision-making processes and controls in place so that the interest of all stakeholders (shareholders, employees, suppliers, customers and the community) are balanced. It includes the processes by which the Group’s objectives are set and pursued in the context of the social regulatory and market environment. It is concerned with practices and procedures for trying to make sure the Group can achieve its objectives but ensure that stakeholders can have confidence that the trust in the Group is well founded.

The Group’s Senior Executive Team is composed of a Chief Executive Officer, a Chief Financial Controller, Director of People and Operations and General Counsel. Members of the Senior Executive Team usually attend Main Board Meetings three times each year as required, and minutes are taken in line with statutory obligations.

The Executive Team meets once a week to discuss performance, risk and highlight areas for discussion. The Executive Team has a diverse range of skills and expertise in the wide range of services offered by the Group from Food & Beverage to Leisure to Sales and Marketing to in-house financial and legal expertise. The Executive Team’s size and composition is regarded as appropriate to the Group's complex yet focused business.

The Executive Team attends an informal meeting with the Main Board every second month, and in addition members of the Main Board will attend meetings with specific members of the Executive Team to discuss areas of operational significance or risk.

Principle 3 - Leadership responsibilities
Each member of the Executive Team understands what they are accountable and responsible for and they provide a report each week at the Executive Team meeting. To ensure full transparency a monthly report is sent to the Main Board. The Main Board ultimately retains responsibility for all decision making in business operations and ensures delegated decision makers are individuals with the most experience and relevant knowledge.

All members of the Executive Team are required to consider any conflicts or potential conflicts and declare them at least annually to the General Counsel. The Group has a strong Ethical Code and actively manages anti-bribery and corruption. It also operates a framework of disclosure for whistleblowing and in particular modern slavery.

Principle 4 - Opportunity and Risk
The Group pursues a combined organic and development led growth strategy.

Through investing in the current portfolio, the Group seeks to improve the revenue and profitability of its existing hotels. In addition, the development team work closely with the Executive Team, to identify opportunities to expand the Group’s footprint via acquisition, with the goal of enhancing national coverage, improving distribution and maximising revenue. Comprehensive commercial, financial, property and legal due diligence is undertaken on any potential new acquisition.

The Group is committed to transparency in managing risk. Risk is categorised for management purposes into operational, corporate and financial risk. A Core Risk Team (comprising General Counsel, Head of Risk and Safety, Internal Audit and Compliance) meets every quarter to review all risks within the business. A Senior Risk Committee (comprising CEO, CFO, General Counsel and Director of People and Operations) meets twice a year. Risk is discussed at Board Meetings with the Main Board and there is an additional risk update provided to the Main Board twice a year outside of the Main Board meeting.

Every risk in the business has a mitigation plan / strategy that is reviewed not less than once every six months and identifies risk owners and implementation plans necessary to address each risk.
All employees are inducted and continually trained on significant risks including but not limited to life safety and cyber security. The Group engages third party experts to audit fire safety, food safety and IT system security at least annually. The feedback from these audits are shared with the Executive Team.

Principle 5 - Remuneration
The Main Board oversees the remuneration of the Executive Team, with market rate salaries to ensure retention. A large proportion of the Group's people are paid in line with industry standards.

The Group is committed to creating a culture of excellence that not only enables employees to reach their full potential but also enables the Group to thrive.

VUR Holdings (UK) Limited

Statement of Corporate Governance for the Year Ended 31 December 2021 (continued)

Principle 6 - Stakeholder Relationships and Engagement
Business relationships: The Group works with some of the largest business operations and government departments in the UK. The Group builds strong, sustainable relationships with its clients and suppliers, which are essential to the long-term success of the business.

People: The Group has a vision to engage and motivate all employees to grow and nurture employees through training, development, reward & recognition. The Group encourages development of all employees and operates numerous operational training programmes in addition to three in-house leadership and development programmes for individuals to join.

Apprentices: The Apprentice programme provides opportunities to make a real impact within a Group that truly cares. The intake from this programme provides the next generation of people who can take on complex challenges and make a difference in the world through innovation, creativity, and teamwork. The programme helps attract people to the industry with a passion to learn and to grow awareness of careers in hospitality.

Disabled employees: The Group encourages the employment of disabled people and provides a fair and encouraging approach to any such employment applications. In the event that any of the people within the Group become disabled whilst in service, the business strives to support their needs with every effort being made to continue their employment. This may include adapting work environments, transfers to alternative duties, or if required, retraining to undertake new roles.

People engagement: The true value of the business resides within its people - as such, there are regular and various means and media used for communication. An intranet site is maintained that provides the Group's people with the latest information, using applications that provide instantaneous news updates along with instant access to benefits, incentives & growth opportunities. The Group operates an extensive rewards programme called My Village Rewards and an annual people engagement survey is carried out to enable the Executive Team to review the performance of all departments and implement both local and brand plans to drive higher engagement and retention of its employees.

Culture and values: The Group is defined by its values; they drive the business to succeed and underpin its conduct and approach. The values are at the forefront of every decision that is made, and define the behaviours of the Group's people. Values drive the business to be the best it can. In the collective, the Group's people and values form its corporate culture, which serve the best interests of its employees, guests, members and shareholders.

Sustainability and Community: The Group operates a Village Green vision ‘to have a positive impact on the communities in which the Group operates in both environmentally and socially.’ The Group is committed to its Environmental, Social and Governance (ESG) policy and principles in order to operate as a responsible business. The Group understands that a better sustainable future is within its reach and wants to play a significant part in getting there. The Group recognises that an essential part of being a responsible business is caring for the environment. The work around environmental issues are led by the Executive Team and their role is to encourage every hotel to reduce its impact on the environment and ultimately reduce our carbon footprint and create a clear and transparent path to Net-Zero. It is also recognised that climate change is at a critical point. The Group has numerous policies in place to drive and assist this which focus on specific operations and how it can mitigate its current impact on the environment.

The Group believes, linked to its environmental principles, that in order to achieve its aim to become a more sustainable business, it must also consider the wider community that each hotel operates in, and Village Green initiatives encompass this approach.

The Directors present their report and the financial statements and consolidated financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the Company is that of a holding company of the Village Group. The principal activity of the Village Group is the ownership and operation of hotels and their associated dining and leisure facilities.

These financial statements present the consolidated results and financial position for VUR Holdings (UK) Limited and all of its subsidiaries ("the Group").

Results and dividends

The profit for the year, after taxation, amounted to £37,712,000 (2020: Loss of £125,975,000). This result includes gain on revaluation of tangible assets of £43,875,000 (2020: impairment of £77,939,000).

The Directors do not recommend the payment of a final dividend (2020: £nil).

Directors of the Group

The Group considers its Board to comprise of the Directors who held office during the year, as set out below, the Chief Executive Officer and Chief Finance Officer;

C J Brenan

S Siegel

R Weissmann

S V S Walker

G R Davis

P Roberts

The Directors have oversight of the company on behalf of KSL.

Coley Brenan - Partner and Head of Europe KSL Capital Partners

Coley joined KSL in May 2005, after spending 5 years in the Real Estate, Gaming, Lodging and Leisure Group of Deutsche Bank Securities. He holds a B.S. in Real Estate and Finance from Cornell University's School of Hotel Administration. Coley runs the European office for KSL based in London.

Steven Siegel - Partner and Chief Operating Officer KSL Capital Partners

Steven joined KSL in March 2005 after serving as their outside counsel since 2002. He is the former Chairman of the Board of Directors of Special Olympics Colorado and holds a J.D. from the University of Chicago and a B.A. in Economics from the Wharton School of the University of Pennsylvania. He began his legal career as an associate with Cravath Swaine & Moore in 1987.

From 1990 through to 1995, he was with the New York office of Kirkland & Ellis LLP, becoming a partner in 1993. In 1995, he was a partner of Brownstein Hyatt & Farber, P.C., where he served as chair of the Corporate and Securities Department and as a member of the firm's executive committee.

Richard Weissmann - Partner KSL Capital Partners

Richard joined KSL in March 2008. Previously, he was a Managing Director in the Investment Banking Division of Goldman Sachs & Co., where he led Goldman's Hospitality and Gaming Practice. Prior to joining Goldman in 1998, he was an attorney in the real estate and corporate groups with the law firm Paul, Weiss, Rifkind, Wharton & Garrison LLP in New York City.

He began his career in 1984 as a real estate developer in the New York metropolitan area, and has a B.A. from Tufts University and a J.D. from Columbia University School of Law.

Stephen Walker - Principal, Strategic Operations, KSL Capital Partners
Steve joined KSL in January 2008, and he is currently the Strategic Operations Team lead in Europe. During his tenure at KSL, he has been responsible for the asset management of iconic resorts in the US as well as the UK and he has led strategic initiatives for KSL's operating platforms. Prior to KSL, he held positions at HEI Hotels & Resorts, HVS International, and Four Seasons Hotels and Resorts. He holds a B.S. from Cornell University's School of Hotel Administration.

Gary Davis - Chief Executive Officer Village Group
Following the acquisition of Village in November 2014, Gary Davis re-joined the Village Group as Chief Executive Officer from hotel chain Malmaison and Hotel du Vin where he had held the position of CEO since January 2012. It was a welcome home to Gary having previously held the Village CEO position during its De Vere ownership from 2007 to 2012. Gary brought with him a wealth of experience in hotel operations. Gary is also focused on the strategic development of the Group and new build roll out plans.

Paul Roberts - Chief Finance Officer Village Group
Paul joined the Village Group in July 2017 to support and strengthen the leadership structure in its focus to ensure the fast pace growth of Village, having previously held the position of CEO and formerly Finance Director at Malmaison and Hotel du Vin. Paul joined Malmaison in 2012 from De Vere Group where he was Finance Director of the De Vere Hotels portfolio. Prior to De Vere, Paul held senior positions at Morgan's Hotel Group, MacDonald Hotels and Raffles International.

Going concern
The Directors have adopted the going concern basis in preparing these financials statements after assessing the financial forecasts of the Group for the period to 30 September 2023 whilst considering a range of sensitivities for plausible downside scenarios. These include factors such as the current economic climate, escalating inflation (partially driven by the continuing increase in utility costs) and the ongoing impact of the Covid-19 pandemic on the wider economy.

The Company is expected to incur minimal costs in the forecast period, as its management service costs will continue to be recharged to other group companies.

With the exception of the unique trading following the mandatory closure of its business in the UK national lockdowns during Covid-19 pandemic, the Group has been a profitable business with a strong cash position. The Group also has a supportive equity owner, KSL. During the challenging trading conditions encountered during the Covid-19 UK lockdowns, KSL provided equity injections to ensure the Group had sufficient cash to continue to operate. As such, at that time KSL proved themselves to be a supportive equity sponsor who will provide financial assistance if needed.

Following the Group's refinancing subsequent to year end, the Group is required to meet certain financial covenants to avoid breaching the terms of its facility agreement (See note 27). Throughout the review period of its assessment, even after sensitising the forecasts for plausible downside scenarios, the Group maintains sufficient cash reserves to pay its debts as they fall due, including interest payments, and complies with its financial covenant.

In order to assess the effect of potential negative market conditions impacting on trading, the Directors have applied several sensitivities to the forecasts. It should be noted that it is the Directors' belief that there will be no further UK lockdowns, in line with the many assurances given by the UK Government. The Government has recognised the huge damage that the lockdowns of the last two years have had on the hospitality industry, as well as the wider economy. Following the removal of all Covid-19 restrictions in the UK, the end of free testing for the British public, and in the context of the current pressures on the UK economy such as rising inflation, the Directors believe that a lockdown is no longer a plausible business risk.

When assessing the going concern assumption the focus of the Directors has been the potential impact of a downturn in the economy, together with a continued escalation in inflation. The sensitised forecasts are therefore based on the assumption that the economic climate could impact on consumer discretionary spending, reducing revenues below forecast, and that costs could rise further than forecast. It should be noted that the Directors have already factored in the current economic conditions and the potential impact of those on future financial performance when preparing the Group's base case forecast.

Management have assessed the Company's ability to continue as a going concern and prepared financial statements on that basis. Management have carried out a robust assessment of the principal risks and uncertainties facing the Company, which could impact the business model, focussing specifically on:

● The Company's current financial position and prospects

● Increasing utility costs

● Increasing costs of living and the potential impact on Company revenues due to reduced consumer discretionary spending

● Increasing costs of Food & Beverage

● Potential further increases in national living wage rates

● Other potential general cost increases

In assessing the going concern assumption for these financial statements, the Directors have prepared cash flow and profit forecasts to consider the Group's ability to comply with its financial covenant, and to continue to pay its debts as they fall due, including amounts owed to its lenders and mandatory capital expenditure requirements.

The financial covenant requires that at each quarter end the Group's loan to value ratio does not exceed a pre-determined threshold. This ratio has been considered as part of the Group's going concern assessment.

A base case cash flow forecast has been prepared and assumes that, in line with current government guidelines no further lockdowns or restrictions will be required. In 2021 revenue per available room was 72% of 2019 levels, and average leisure memberships for the year were 89% of 2019 levels. The base case assumes that revenue per available room will be c.94% of 2019 levels in 2022, rising to 108% in 2023, and average leisure memberships for the year will be 108% higher than in 2019 (they are currently in excess of this), rising to 117% in 2023. Other revenues were 55% of 2019 levels in 2021. They are forecast to rise to 91% of 2019 levels in 2022, then to 108% of 2019 levels in 2023.

As forecasting is inherently difficult in the current environment, with both revenues and costs being potentially impacted by external factors, the Directors have applied sensitivities to the base case, challenging the forecasted values by incorporating severe scenarios which include:

● Total revenues across all revenue streams fall by 5% from forecast

● Food & Beverage costs increase by a further 5% ahead of forecast

● Utilities costs increase by 100%

● Payroll costs increase by a further 5% ahead of forecast

● Central overheads increase by a further 5% ahead of forecast

The implications of this scenario are as follows:

- The Group would cease its discretionary investment in capex as currently forecast to preserve cash, however it would continue to invest in FF&E expenditure as required by its Facility Agreement.

- The Group continues to have sufficient cash balances to make its interest payments as they fall due.

- The Loan to Value Covenant is met across the period, with 25% headroom throughout.

- The lowest Group cash balance would be £1.8m in August 2023, building to £4.6m by the end of September 2023. As such, no equity injections would be required to support the Group from a cash flow perspective.

The base case and sensitised cashflows demonstrate that sufficient cash resources exist in all scenarios with the minimum cash position in the base case being £20.4m in August 2022, and £1.8m as the lowest point in the most severe downside sensitivities. It should be noted that the Directors have already factored the potential impact of the current economic climate into their base case plan when considering the overall environment in which it is likely to be operating and the impact of inflation on consumer discretionary spending when considering appropriate rates of revenue growth. Furthermore, the Directors also feel that whilst the sensitivities applied are each plausible, it is unlikely that all of the proposed sensitivities would occur at once, and to such an extent as tested within the going concern assessment. Furthermore, the Directors would be able to mitigate the impact of some of these factors by reducing discretionary capex investment.

In order to stress test the model, the Directors applied a reduction to revenue of 9% across all revenue streams from May 2022 onwards, combined with a 9% increase in all costs, whilst continuing to make all capex expenditure as forecast, including discretionary. Using this analysis, the Group would run out of cash by August 2023 due to its interest payment due that month. The following month it would return to a cash generative position. Again, as in other scenarios, the Directors would be able to mitigate the impact of these factors by reducing discretionary capex investment.

Following this detailed exercise and considering the results of the base case forecast, downside scenarios and severe but plausible sensitivities, the Directors are satisfied that the financial covenant will be met for the period covered by the forecast (up to 30 September 2023) therefore there will be no breach of the Facility Agreement. The forecasts show sufficient liquidity in the Group to continue to pay all of its debts as they fall due.

As such the Directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

Post balance sheet events

On 1 March 2022 the Company underwent a share capital reduction of £195,495,000 by reducing the nominal value of each issued fully paid up ordinary share from £1 to 10p.

On 18 March 2022 the Group refinanced its debt facilities with Village Finco 2022, LLC and Euro Ruby Private Limited for a three year term. The loan principal was £465,000,000 split equally by the two lenders.

Following the refinance, the Company paid dividends of £43,846,000 to KSL on 25 March 2022. The Group also repaid £9,604,000 of the loan balances owed to KSL at the year end on that date.

In March 2022, in tandem with the refinancing of the Group, the Bracknell property was sold from group company Tabamara Ltd to fellow group company VUR Village Properties Ltd. A lease to operate a Hotel Accommodation business from the property was granted by VUR Village Properties Ltd to its subsidiary VUR Village Trading No 1 Ltd at the date of acquisition.

The Group purchased a long leasehold for land in Milton Keynes on 21 June 2022 for £3,700,000. The Group are currently assessing development options for the site.

Matters covered in the strategic report
The Group's key business risks and use of financial instruments are disclosed within the Strategic report. The report also disclosures the Group's policies on employee opportunities and welfare, as well as health and safety of guests and staff.

Streamlined Energy and Carbon Reporting Framework Regulations (SECR)
The Group recognises that an essential part of being a responsible business is caring for the environment. A third party energy consultant continues to be engaged by Village and 2022 will see the introduction of hotel level targets for consumption on energy and waste with the overall intention of reducing annual energy consumption and greenhouse emissions for utilities and vehicles.

Energy consumption and reporting is gathered through the use of smart building hardware and data analytics to highlight opportunities to reduce energy consumption and this smart building hardware is introduced to every new Village Hotel.

The Group's 2021 strategy was to fully understand the position in the market with regards to the impact on the environment and carbon emissions. The 2022 goals will be set against the background of the clear understanding the efficiency of the Group's operation and portfolio and setting out clear targets to Net Zero.

This statement has been prepared in accordance with the Group's regulatory obligation to report greenhouse gas (GHG) emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which implement the government's policy on Streamlined Energy and Carbon Reporting.

During the reporting period 1 January 2021 to 31 December 2021, the Group's measured Scope 1 and Scope 2 emissions (Location based) totalled 19,051 tCO2e. This comprised:

	01/01/2020 - 31/12/2020	**01/01/2021 - 31/12/2021**	
Scope – Emissions covered in the report	**Total (tCO2e)**	**Total (tCO2e)**	**% Change**
Scope 1	**9,322**	**10,085**	**8%**
Natural gas	9,292	9,176	-1%
Fuel for transport	21	898	4126%
Other fuels	8	12	36%
Scope 2 - Location based	**7,908**	**8,966**	**13%**
Scope 2 - Market based	**9,961**	**12,332**	**24%**
Total Scope 1 & 2 – Location based	17,230	19,051	11%
Total Scope 1 & 2 – Market based	19,283	22,471	16%
Scope 1 & 2 intensity per m2 - Location based	0.06 tCO2e/m2	0.07 tCO2e/m2	12%
Scope 3	**344**	**637**	**85%**
Business travel – where fuel is dierctly purchased by reporting organisation e.g. hire car or reimbursed travel	344	637	85%

VUR Holdings (UK) Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

There has been an overall increase in location-based emissions by 11% compared with 2020. This has predominantly been driven by recovery in occupancy rates following imposed lockdowns and shifting consumer behaviours caused by the Covid-19 pandemic. Most notably business travel has increased significantly, as has scope 3 (business millage), this denotes a broader return to pre-pandemic working practices and lower levels of homebased working, including meetings.

The Group has rolled out a series of initiatives to reduce its carbon footprint. This includes a smart building programme throughout 2021 to support in energy reduction across the portfolio. This involved the use of smart building hardware and data analytics via a third party consultant to highlight opportunities to reduce energy consumption. Shut down of plant throughout the early 2021 Covid-19 lockdowns and during periods of low occupancy also contributed to reduced energy consumption.

During the year, the Group’s total fuel and electricity consumption totalled 97,799 MWh, of which 100% was consumed in the UK. The split between fuel, electricity, and heat consumption is displayed below.

Energy consumption (MWh)	**01/01/2020 - 31/12/2020**	**01/01/2021 - 31/12/2021**
	Total	**Total**
Electricity	33,461	41,033
Fuels (1)	52,047	53,991
Heat (2)	708	708

(1)Natural gas and transportation fuels (petrol and diesel)

(2) Combined heat and power

Our emissions have been verified to a reasonable level of assurance by an external third party GHG specialist according to the ISO 14064-3 standard. Emissions generated from a Combined Heat and Power (CHP) system at Village Whiston are calculated to be proportional to the share of energy generated.

Directors' liabilities

Directors’ and officers’ insurance cover has been established for all Directors to provide appropriate cover for their reasonable actions on behalf of the Group. The indemnities constitute a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006, were in force during the 2021 financial year and remain in force for the Directors of the Group.

Disclosure of information to the auditor

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

Ernst & Young LLP have expressed their willingness to continue as auditors in accordance with section 487(2) of the Companies Act 2006.

7/29/2022

Approved and authorised by the Board on .... and signed on its behalf by:

DocuSigned by:

Stephen Walker

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S V S Walker

Director

VUR Holdings (UK) Limited

Statement of Directors' Responsibilities

The Directors acknowledge their responsibilities for preparing the Annual Report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial 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 keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of VUR Holdings (UK) Limited

Opinion

We have audited the financial statements of VUR Holdings (UK) Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, and the related notes 1 to 27, 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 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 group's and of the parent company's affairs as at 31 December 2021 and of the group's profit 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to other entities of public interest, 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.

Independent Auditor's Report to the Members of VUR Holdings (UK) Limited (continued)

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. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included:

• Reading the new loan agreement negotiated after the year end.

• Analysis of management's base case and downside scenarios which passed covenant tests throughout the review period together with analysis of the assumptions contained within.

• Performing independent analysis and further downside sensitivities which demonstrated no covenant breaches throughout the review period.

• Assessing the appropriateness of managements scenarios in light of the latest data available in relation to COVID-19, inflation levels and the conflict in Ukraine and Russia.

• Performing clerical accuracy checks on the information presented by management on their future forecasts for the business.

• Agreeing opening cash balance in the model to bank statements.

• Considering prior periods forecasting accuracy by management and the likely dividend policy in the scenarios presented throughout the going concern assessment period.

• Assessing the appropriateness of the going concern disclosure within the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for the period to 30th September 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

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 this 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 the 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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 26, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor Responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Independent Auditor's Report to the Members of VUR Holdings (UK) Limited (continued)

Our approach was as follows:

• We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are: Companies Act 2006, FRS 102, UK tax legislation, Health and Safety at Work Act, National Minimum Wage Act and Coronavirus Job Retention Scheme.

• We understood how VUR Holdings (UK) Limited is complying with those frameworks by performing a variety of procedures including but not limited to: enquiry of key management personnel and entity legal counsel, reading board minutes and other relevant correspondence, evidencing internal policies and procedures back to documentation and ensuring appropriate follow up action is taken where relevant and for certain laws we have recalculated various parts of the financial records to ensure the entity is operating within the relevant legislation.

• We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by assessing the risk of fraud absent of controls, and then identifying the controls which are in place at the entity level and whether the design of these controls is sufficient for the prevention and detection of fraud. We also considered the risk of management override by way of manual topside revenue journals. We also identified a fraud risk in respect of assumptions used for hotel valuations.

• Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiry of key management personnel and entity legal counsel, evidencing internal policies and procedures back to documentation and ensuring appropriate follow up action is taken where relevant and for certain laws we have recalculated various parts of the financial records to ensure the entity is operating within the relevant legislation. In respect of the risk of management override we performed tailored journal entry testing to identify a subset of the whole population that might pertain to fraud risk areas, performed procedures on revenue to a lower testing threshold and enquired of parties in areas of significant judgment. In respect of the risk of assumptions used for hotel valuations we read managements external specialist report performed procedures to a lower testing threshold and involved internal specialists where appropriate.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the 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.

DS
Ernst & Young LLP
....
Elizabeth Jones (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Liverpool

Date: July 29, 2022

VUR Holdings (UK) Limited

Consolidated Profit and Loss Account for the Year Ended 31 December 2021

	Note	2021 £ 000	As restated 2020 £ 000
Turnover	4	139,963	86,465
Cost of sales		(66,674)	(56,343)
Gross profit		73,289	30,122
Exceptional items	9	43,693	(77,939)
Administrative expenses		(73,891)	(84,832)
Other operating income	5	10,771	21,241
Operating profit/(loss)	6	53,862	(111,408)
Other interest receivable and similar income	10	-	37
Interest payable and similar expenses	11	(13,201)	(14,704)
		(13,201)	(14,667)
Profit/(loss) before tax		40,661	(126,075)
Taxation	12	(2,949)	100
Profit/(loss) for the financial year		37,712	(125,975)
Profit/(loss) attributable to:			
Owners of the company		37,712	(125,975)

The above results were derived from continuing operations.

The prior year results have been restated to reflect the removal of business rates from onerous property contract provisions. Refer to note 2 of the accounts for further information.

VUR Holdings (UK) Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2021

	2021 £ 000	2020 As restated £ 000
Profit/(loss) for the year	37,712	(125,975)
Unrealised surplus/(deficit) on revaluation of tangible fixed assets	41,870	(86,321)
Total comprehensive income/(loss) for the year	79,582	(212,296)

VUR Holdings (UK) Limited

(Registration number: 09281964)
Consolidated Balance Sheet as at 31 December 2021

	Note	2021 £ 000	As restated 2020 £ 000
Fixed assets			
Tangible assets	13	683,350	569,650
Current assets			
Stocks	16	1,657	713
Debtors: amounts falling due after more than one year	17	5,445	4,275
Debtors: amounts falling due within one year	17	11,253	5,648
Cash at bank and in hand		29,079	9,350
		47,434	19,986
Creditors: Amounts falling due within one year	18	(45,182)	(25,760)
Net current assets/(liabilities)		2,252	(5,774)
Total assets less current liabilities		685,602	563,876
Creditors: Amounts falling due after more than one year	18	(407,429)	(409,257)
Provisions for liabilities	12	(10,596)	(569)
Net assets		267,577	154,050
Capital and reserves			
Called up share capital	20	217,217	183,272
Share premium reserve	21	84,691	84,691
Revaluation reserve	21	66,907	25,037
Profit and loss account		(101,238)	(138,950)
Equity attributable to owners of the company		267,577	154,050
Shareholders' funds		267,577	154,050

Refer to note 2 for details of prior year restatement.

Approved and authorised by the Board on 7/29/2022 and signed on its behalf by:

DocuSigned by:
Stephen Walker
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S V S Walker
Director

The notes on pages 38 to 60 form an integral part of these financial statements.

VUR Holdings (UK) Limited

(Registration number: 09281964)
Company Balance Sheet as at 31 December 2021

	Note	2021 £ 000	2020 £ 000
Fixed assets			
Investments	14	200,700	176,616
Current assets			
Debtors	17	11,584	1,129
Creditors: Amounts falling due within one year	18	(1,759)	(45,189)
Net current assets/(liabilities)		9,825	(44,060)
Net assets		210,525	132,556
Capital and reserves			
Called up share capital	20	217,217	183,272
Share premium reserve	21	84,691	84,691
Profit and loss account		(91,383)	(135,407)
Shareholders' funds		210,525	132,556

The company made a profit after tax for the financial year of £44,024,000 (2020 - loss of £84,320,000).

7/29/2022

Approved and authorised by the Board on .... and signed on its behalf by:

DocuSigned by:

Stephen Walker

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S V S Walker

Director

VUR Holdings (UK) Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2021
Equity attributable to the parent company

	Share capital £ 000	Share premium £ 000	Revaluation reserve £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2021	183,272	84,691	25,037	(138,950)	154,050
Profit for the year	-	-	-	37,712	37,712
Other comprehensive income	-	-	41,870	-	41,870
Total comprehensive income	-	-	41,870	37,712	79,582
New share capital subscribed	33,945	-	-	-	33,945
At 31 December 2021	217,217	84,691	66,907	(101,238)	267,577

	Share capital £ 000	Share premium £ 000	Revaluation reserve £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2020	152,000	84,691	111,358	(12,975)	335,074
Loss for the year	-	-	-	(125,975)	(125,975)
Other comprehensive loss	-	-	(86,321)	-	(86,321)
Total comprehensive loss	-	-	(86,321)	(125,975)	(212,296)
New share capital subscribed	31,272	-	-	-	31,272
At 31 December 2020 as restated	183,272	84,691	25,037	(138,950)	154,050

Refer to note 2 for details of prior year restatement.

VUR Holdings (UK) Limited

Company Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2021	183,272	84,691	(135,407)	132,556
Profit for the year	-	-	44,024	44,024
New share capital subscribed	33,945	-	-	33,945
At 31 December 2021	217,217	84,691	(91,383)	210,525

	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2020	152,000	84,691	(51,087)	185,604
Loss for the year	-	-	(84,320)	(84,320)
New share capital subscribed	31,272	-	-	31,272
At 31 December 2020	183,272	84,691	(135,407)	132,556

VUR Holdings (UK) Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2021

	Note	2021 £ 000	As restated 2020 £ 000
Cash flows from operating activities			
Profit/(loss) for the year		37,712	(125,975)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	16,531	19,968
(Revaluation)/impairment of tangible fixed assets	9	(43,875)	77,939
Profit on disposal of tangible assets	6	-	(163)
Interest received	10	-	(37)
Finance costs	11	13,201	14,704
Taxation charge	12	2,949	(100)
		26,518	(13,664)
Working capital adjustments			
(Increase)/decrease in stocks	16	(944)	1,172
(Increase)/decrease in debtors	17	(6,281)	7,071
Increase in creditors	18	15,963	550
Cash generated from operations		35,256	(4,871)
Corporation tax received/(paid)	12	590	(250)
Net cash flow from operating activities		35,846	(5,121)
Cash flows from investing activities			
Purchase of tangible assets		(22,211)	(26,241)
Acquisitions		(7,085)	-
Cash from acquisitions		3,250	-
Payment of related party acquisition debt		(8,591)	-
Sale of tangible assets		-	163
Interest received		-	37
Net cash flows from investing activities		(34,637)	(26,041)
Cash flows from financing activities			
(Decrease)/increase in secured loans	19	(1,538)	10,000
Payment of third party acquisition debt		(1,864)	-
Decrease in unamortised loan finance fees		(290)	(258)
Issue of ordinary shares	20	33,945	31,272
Interest paid		(11,733)	(13,201)
Net cash flows from financing activities		18,520	27,813
Net increase/(decrease) in cash and cash equivalents		19,729	(3,349)
Cash and cash equivalents at 1 January		9,350	12,699
Cash and cash equivalents at 31 December		29,079	9,350

The notes on pages 38 to 60 form an integral part of these financial statements.

1 General information

The Company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:
3rd Floor
63 St James's Street
London
SW1A 1LY

7/29/2022

These financial statements were authorised for issue by the Board on ....

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance
These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation
These financial statements have been prepared using the historical cost convention except as disclosed in the accounting policies certain items are shown at fair value.

All amounts in these financial statements are stated in GBP and rounded to the nearest £1,000.

The Company has evaluated the impact of climate change and its ESG commitments when preparing its forecasts and the accounts. There are no material impacts to consider in relation to the forecasts and the accounts.

Basis of consolidation
The consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December 2021. Inter-company transactions, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full.

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

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

2 Accounting policies (continued)

Prior period restatements
As part of the valuation of its properties at the balance sheet date for December 2020, the Company reviewed its third party leases and following discussion with its auditors concluded that two of these leases were onerous contracts.

However, following additional guidance published this year by accounting advisory firms, the Company has reassessed its policy in this area, and following further discussions with its auditors in light of this new guidance, the Company has concluded that business rates are a statutory obligation rather than a contractual one, and should be recognised as a periodic cost in line with IFRIC 21 “Levies”. Prior period comparatives have therefore been restated to remove business rates from previously recognised property provisions.

See below for the impact on the prior period:

	2020 As previously reported	2020 As restated
Onerous lease provision	(5,259)	-
Provisions	(5,828)	(569)
Net assets	148,791	154,050
Administrative expenses	(90,091)	(84,832)
Loss for the year	(131,234)	(125,975)

Judgements and key sources of estimation and uncertainty
The preparation of financial statements in compliance with FRS 102 requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. Management do not consider there to have been any judgements having a significant effect on the financial statements. The following are the Group's key sources of estimation uncertainty:

Revaluation of tangible fixed assets
The Group carries its trading hotels at fair value, with changes in fair value being recognised in profit or loss or revaluation reserve as applicable. The Directors estimated the fair value of the Group's tangible fixed assets based on a valuation performed in February 2022 by Savills Chartered Surveyors on behalf of the lenders. The valuation used an Income Approach using the Discounted Cash Flow Method and assumed that the highest and best use of the assets is as trading hotels.

Impairment of non-financial assets
Investments are accounted for at cost less impairment. The Group performs its impairment review annually at the balance sheet date and whenever events occur that may be an indication of impairment.

The following principal accounting policies have been applied:

2 Accounting policies (continued)

Going concern

The Directors have adopted the going concern basis in preparing these financials statements after assessing the financial forecasts of the Group for the period to 30 September 2023 whilst considering a range of sensitivities for plausible downside scenarios. These include factors such as the current economic climate, escalating inflation (partially driven by the continuing increase in utility costs) and the ongoing impact of the Covid-19 pandemic on the wider economy.

The Company is expected to incur minimal costs in the forecast period, as its management service costs will continue to be recharged to other group companies.

With the exception of the unique trading following the mandatory closure of its business in the UK national lockdowns during Covid-19 pandemic, the Group has been a profitable business with a strong cash position. The Group also has a supportive equity owner, KSL. During the challenging trading conditions encountered during the Covid-19 UK lockdowns, KSL provided equity injections to ensure the Group had sufficient cash to continue to operate. As such, at that time KSL proved themselves to be a supportive equity sponsor who will provide financial assistance if needed.

Following the Group’s refinancing subsequent to year end, the Group is required to meet certain financial covenants to avoid breaching the terms of its facility agreement (See note 27). Throughout the review period of its assessment, even after sensitising the forecasts for plausible downside scenarios, the Group maintains sufficient cash reserves to pay its debts as they fall due, including interest payments, and complies with its financial covenant.

In order to assess the effect of potential negative market conditions impacting on trading, the Directors have applied several sensitivities to the forecasts. It should be noted that it is the Directors’ belief that there will be no further UK lockdowns, in line with the many assurances given by the UK Government. The Government has recognised the huge damage that the lockdowns of the last two years have had on the hospitality industry, as well as the wider economy. Following the removal of all Covid-19 restrictions in the UK, the end of free testing for the British public, and in the context of the current pressures on the UK economy such as rising inflation, the Directors believe that a lockdown is no longer a plausible business risk.

When assessing the going concern assumption the focus of the Directors has been the potential impact of a downturn in the economy, together with a continued escalation in inflation. The sensitised forecasts are therefore based on the assumption that the economic climate could impact on consumer discretionary spending, reducing revenues below forecast, and that costs could rise further than forecast. It should be noted that the Directors have already factored in the current economic conditions and the potential impact of those on future financial performance when preparing the Group’s base case forecast.

2 Accounting policies (continued)

Management have assessed the Group's ability to continue as a going concern and prepared financial statements on that basis. Management have carried out a robust assessment of the principal risks and uncertainties facing the Group, which could impact the business model, focussing specifically on:

• The Group's current financial position and prospects

• Increasing utility costs

• Increasing costs of living and the potential impact on Group revenues due to reduced consumer discretionary spending

• Increasing costs of Food & Beverage

• Potential further increases in national living wage rates

• Other potential general cost increases

In assessing the going concern assumption for these financial statements, the Directors have prepared cash flow and profit forecasts to consider the Group's ability to comply with its financial covenant, and to continue to pay its debts as they fall due, including amounts owed to its lenders and mandatory capital expenditure requirements.

The financial covenant requires that at each quarter end the Group's loan to value ratio does not exceed a pre-determined threshold. This ratio has been considered as part of the Group's going concern assessment.

A base case cash flow forecast has been prepared and assumes that, in line with current government guidelines no further lockdowns or restrictions will be required. In 2021 revenue per available room was 72% of 2019 levels, and average leisure memberships for the year were 89% of 2019 levels. The base case assumes that revenue per available room will be c.94% of 2019 levels in 2022, rising to 108% in 2023, and average leisure memberships for the year will be 108% higher than in 2019 (they are currently in excess of this), rising to 117% in 2023. Other revenues were 55% of 2019 levels in 2021. They are forecast to rise to 91% of 2019 levels in 2022, then to 108% of 2019 levels in 2023.

As forecasting is inherently difficult in the current environment, with both revenues and costs being potentially impacted by external factors, the Directors have applied sensitivities to the base case, challenging the forecasted values by incorporating severe scenarios which include:

• Total revenues across all revenue streams fall by 5% from forecast

• Food & Beverage costs increase by a further 5% ahead of forecast

• Utilities costs increase by 100%

• Payroll costs increase by a further 5% ahead of forecast

• Central overheads increase by a further 5% ahead of forecast

2 Accounting policies (continued)

The implications of this scenario are as follows:

• The Group would cease its discretionary investment in capex as currently forecast to preserve cash, however it would continue to invest in FF&E expenditure as required by its Facility Agreement.

• The Group continues to have sufficient cash balances to make its interest payments as they fall due.

• The Loan to Value Covenant is met across the period, with 25% headroom throughout.

• The lowest cash balance would be £1.8m in August 2023, building to £4.6m by the end of September 2023. As such, no equity injections would be required to support the Group from a cash flow perspective.

The base case and sensitised cashflows demonstrate that sufficient cash resources exist in all scenarios with the minimum cash position in the base case being £20.4m in August 2022, and £1.8m as the lowest point in the most severe downside sensitivities. It should be noted that the Directors have already factored the potential impact of the current economic climate into their base case plan when considering the overall environment in which it is likely to be operating and the impact of inflation on consumer discretionary spending when considering appropriate rates of revenue growth. Furthermore, the Directors also feel that whilst the sensitivities applied are each plausible, it is unlikely that all of the proposed sensitivities would occur at once, and to such an extent as tested within the going concern assessment. Furthermore, the Directors would be able to mitigate the impact of some of these factors by reducing discretionary capex investment.

In order to stress test the model, the Directors applied a reduction to revenue of 9% across all revenue streams from May 2022 onwards, combined with a 9% increase in all costs, whilst continuing to make all capex expenditure as forecast, including discretionary. Using this analysis, the Group would run out of cash by August 2023 due to its interest payment due that month. The following month it would return to a cash generative position. Again, as in other scenarios, the Directors would be able to mitigate the impact of these factors by reducing discretionary capex investment.

Following this detailed exercise and considering the results of the base case forecast, downside scenarios and severe but plausible sensitivities, the Directors are satisfied that the financial covenant will be met for the period covered by the forecast (up to 30 September 2023) therefore there will be no breach of the Facility Agreement. The forecasts show sufficient liquidity in the Group to continue to pay all of its debts as they fall due.

As such the Directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

2 Accounting policies (continued)

Sale of goods
The Group operates restaurants and bars at all of its hotels. Sales of goods are recognised when a hotel restaurant or bar sells a product to a customer at a fair value after deducting discounts and sales based taxes.

Rendering of services
The Village Group supplies conference and event facilities as well as hotel rooms to business and private customers. Sales of rooms and conference and event facilities are recognised on the dates those facilities are used. Deposits received in advance are not recognised as revenue until the day of the stay or event.

Revenue from hotel management services is recognised as other operating income when the group obtains the right to consideration in exchange for its performance.

Summary of disclosure exemptions
The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);

the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);

the requirements of Section 33 Related Party Disclosures paragraph 33.7;

the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 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.

Intangible assets
Goodwill represents the difference between purchase consideration and the fair value of the assets and liabilities acquired. After initial recognition, goodwill is stated at cost less amortisation less any impairment losses, with the original carrying value being reviewed for impairments annually and whenever events or circumstances indicate that the carrying value may be impaired.

Goodwill is amortised on a straight line basis over 4 years, the period over which the Directors estimate that the benefit will be derived.

Tangible assets
Tangible fixed assets are carried at valuation. The basis of valuation is an annual valuation on a fair value basis carried out by the Directors. The valuation assumes that the assets continue in their current use as hotels and does not consider how a third party may choose to operate such assets.

Plant and equipment contains items of plant, machinery, fixtures and fittings and equipment.

Depreciation
Depreciation of freehold buildings is provided to write off valuation less any estimated residual values over their estimated useful lives of 50 years. Leasehold properties are depreciated over the shorter of 50 years and the remaining lease term.

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Plant and equipment	14% to 25% per annum
Small operating equipment	50% per annum

2 Accounting policies (continued)

Assets under construction are not depreciated until they are ready to use. When an asset is fully depreciated and no longer in use both the gross amount and the aggregate depreciation are eliminated from the financial statements.

Revaluation of tangible fixed assets
Individual freehold and leasehold properties are carried 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 are recognised in other comprehensive income and accumulated in the revaluation reserve, unless they are reversing a revaluation loss on the same asset that was previously recognised in profit and loss, in which case they are recognised in profit and loss. Revaluation losses are recognised in profit and loss, except to the extent that they reverse an increase previously recorded in other comprehensive income.

Impairment of fixed assets
The carrying values of fixed assets are reviewed for impairment if events or changes in circumstances indicate that those values may not be recoverable. For the purposes of an impairment review, and in accordance with FRS102, fixed assets are first grouped into cash generating units (CGUs). Each individual hotel is considered to be a separate CGU.

The carrying value of each CGU is then compared to its recoverable value amount, which is defined as the higher of value in use or fair value less costs to sell.

Value in use is calculated for each cash generating unit by preparing discounted cash flow valuation using the projections prepared by management for business planning purposes. the discount rate used is based on advice by an independent qualified valuer based on prevailing market conditions. The valuation in use calculation assumes that the assets continue in their current use and does not consider how a third party may choose to operate such assets.

Fair value less costs to sell is based on the Directors' estimates of the current market value of the income generating unit. If the carrying value of the cash generating unit exceeds the recoverable value so calculated, the excess is immediately charged to the profit and loss account.

Operating leases
Rental payments in respect of operating leases are charged to the profit and loss account on a straight line basis over the term of the lease subject to annual inflationary increases at the option of the landlord.

Rental charges in respect of operating leases with other parties are charged to the profit and loss account on a straight line basis over the term of the lease.

Investments
Investments are measured at cost less impairment. Impairment reviews of the recoverable amount of investments are carried out annually at the balance sheet date and whenever events occur that may be an indicator of impairment.

2 Accounting policies (continued)

Stocks
Stock is valued at the lower of cost and net realisable value. Cost comprises expenditure directly incurred in purchasing stock.

Debtors
Short term debtors are measured at the transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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

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

Creditors
Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

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.

Foreign currency transactions and balances
Foreign currency denominated purchases or sales of goods and services are initially translated at the exchange rate ruling at the transaction date. Any exchange differences arising on subsequent settlement of those transaction or upon the retranslation of foreign currency assets and liabilities at the balance sheet date are taken immediately to the profit and loss account.

Finance costs
Finance costs are charged to the Consolidated statement of comprehensive income over the term of the loan using the effective interest method so that the amount charged is at a constant rate on the carrying amount costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Pensions
The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year.

Interest income
Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2 Accounting policies (continued)

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Exceptional items
Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

Specifically this relates to activities that are one-off in nature and as such are not expected to be repeated in future years, or relate to activities or costs incurred outside the Group's target geographic market. Any such potentially unusual items are specifically highlighted and reviewed by the senior finance team before determination as to whether they are classified as exceptional.

Share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Revaluation reserve
The reserve is used to record increases in the fair value of tangible fixed assets and decreases to the extent that such a decrease relates to an increase on the same asset.

3 Parent company profit for the year

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

4 Turnover

An analysis of turnover by class of business is as follows:

	2021 £ 000	2020 £ 000
Sale of goods	40,883	26,568
Services rendered	99,080	59,897
	139,963	86,465

The Group's turnover consists of income generated solely in the United Kingdom, net of VAT.

5 Other operating income

	2021 £ 000	2020 £ 000
Coronavirus job retention scheme	8,676	20,045
Covid-related Government grants	1,090	-
Hotel management services	1,005	1,196
	10,771	21,241

6 Operating profit/(loss)

Arrived at after charging/(crediting)

	2021 £ 000	2020 £ 000
Depreciation of tangible fixed assets	16,531	19,968
(Gain on revaluation)/impairment of fixed assets (note 9)	(43,875)	77,939
Auditor's remuneration	272	148
Operating lease rentals - plant and machinery	269	167
Operating lease rentals - other operating leases	5,633	5,599
Profit on disposal of fixed assets	-	(163)

The auditors' fee of £272,000 (2020: £148,000) which included £2,000 (2020: £1,000) in respect of the Company included £69,000 of additional fees in relation to the 2020 audit, and was settled by a fellow subsidiary company VUR Village Trading No 1 Limited. This amount paid on behalf of the Company has not been recharged to it.

Refer to note 2 for details of prior year restatement.

7 Staff costs

The aggregate payroll costs were as follows:

	2021 £ 000	2020 £ 000
Wages and salaries	51,967	56,925
Social security costs	3,551	2,989
Cost of defined contribution scheme	1,006	914
	56,524	60,828

The average number of persons employed by the Group (including the Chief Executive Officer and the Chief Financial Officer) during the year, all of whom were engaged in hotel operations, was as follows:

	2021 No.	2020 No.
Hotel based employees	3,183	4,071
Support centre employees	163	150
Executive team	19	14
	3,365	4,235

The Senior Executive team received total remuneration from the Group of £1,518,000 in the year (the Directors did not receive any remuneration for their services).

The Group operates a defined contribution pension schemes for its employees. The assets of the schemes are held separately from those of the company in independently administered funds. The unpaid contributions outstanding at year end, included in other creditors are £181,000 (2020: £162,000).

The Company has no staff costs for the year ended 31 December 2021 nor for the year ended 31 December 2020.

8 Directors' remuneration

Charges for the Directors are made by way of a management charge from outside of the Village group of companies. The Directors are not remunerated for their remuneration that relates to their services as Directors of the Company or its subsidiaries (2020: £nil).

9 Exceptional items

	Note	2021 £ 000	2020 £ 000
Gain on revaluation/(impairment) of tangible fixed assets	13	43,875	(77,939)
Redundancy fees		(182)	-
		43,693	(77,939)

The Group incurred costs in relation to redundancies which occured in the year. None of these costs are expected to reoccur in future years as trading continues to improve.

10 Interest receivable

	2021 £ 000	2020 £ 000
Bank interest received	-	37

11 Interest payable and similar expenses

	2021 £ 000	2020 £ 000
Interest on bank overdrafts and borrowings	13,201	14,704

12 Taxation

(a) Tax on profit/(loss)

The tax charge/(credit) is made up as follows:

	2021 £ 000	2020 £ 000
Current taxation		
UK corporation tax at 19% (2020: 19%)	-	-
UK corporation tax adjustment to prior periods	(185)	-
Total current taxation	(185)	-
Deferred taxation		
Origination and reversal of timing differences	2,231	(100)
Impact on deferred tax of rate change	903	-
Total deferred taxation	3,134	(100)
Total tax charge/(credit)	2,949	(100)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

(b) Tax included in group statement of total other comprehensive income

The tax charge/(credit) is made up as follows:

	2021 £ 000	2020 £ 000
Deferred taxation		
Effect of revaluation gain on fixed assets on deferred tax balance	6,893	-
Total tax charge/(credit)	6,893	-

VUR Holdings (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

12 Taxation (continued)

(c) Factors affecting the total tax charge:

	2021 £ 000	2020 £ 000
Profit/(loss) before tax	40,661	(126,075)
Corporation tax at standard rate of 19% (2020: 19%)	7,726	(23,954)
Prior year adjustments	(185)	(999)
Permanent differences	2,516	14,808
Impact on deferred tax of rate change	903	-
Movements in deferred tax assets not previously recognised	(8,011)	-
Tax losses created in the year	-	3,760
Capital allowances for year in excess of depreciation	-	3,694
Non-taxable impairments	-	2,591
Total tax charge/(credit)	2,949	(100)

(d) Factors that may affect future tax charges

The Finance Bill 2021 set the rate of Corporation tax to stay at 19% from 1 April 2021 to 31 March 2023, with an increase to 25% from 1 April 2023. The Finance Bill was substantively enacted on 2 May 2021, as such this has led to the remeasurement of deferred tax balances.

(e) Deferred tax

The deferred tax included in the balance sheet is as follows:

Included in provisions for liabilities:

	2021 £ 000	2020 £ 000
Accelerated capital allowances	18,893	-
Tax losses carried forward	(5,121)	-
Corporate interest restriction	(3,176)	-
Provision for deferred tax	10,596	-

	2021 £ 000	2020 £ 000
At 1 January 2021	569	669
Deferred tax charge in group profit and loss account	3,134	(100)
Amount charged to the revaluation reserve	6,893	-
At 31 December 2021	10,596	569

13 Tangible assets

Group

	Leasehold properties £ 000	Plant and machinery £ 000	Total £ 000
Cost or valuation			
At 1 January 2021	574,687	98,434	673,121
Revaluations	92,638	-	92,638
Additions	20,623	2,178	22,801
Additions acquired through purchase	14,792	-	14,792
At 31 December 2021	702,740	100,612	803,352
Depreciation			
At 1 January 2021	54,076	49,395	103,471
Charge for the year	7,112	9,419	16,531
At 31 December 2021	61,188	58,814	120,002
Carrying amount			
At 31 December 2021	641,552	41,798	683,350
At 31 December 2020	520,611	49,039	569,650

The cumulative revaluation gain of £11,759,000 in 2021 below shows the net movement in relation to the valuations from 2015 to 2021.

As the result of the valuation a revaluation gain of £43,875,000 (2020: impairment charge of £77,939,000) has been recognised in the income statement during the year with a profit of £48,764,000 (2020: Loss of £86,321,220) recognised in the revaluation reserve. This was before deferred tax charges of £7,119,000 and £6,893,000 charged to the income statement and revaluation reserve respectively in relation to the revaluation gains.

The Directors estimated the fair value of the Group's tangible fixed assets based on a valuation performed in February 2022 by Savills Chartered Surveyors on behalf of the lenders. The valuation used an Income Approach using the Discounted Cash Flow Method and assumed that the highest and best use of the assets is as trading hotels.

VUR Holdings (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

13 Tangible assets (continued)

Cost or valuation at 31 December 2021 is represented by:

	Land and buildings £ 000	Plant and machinery £ 000	Total £ 000
Cost	690,981	100,612	791,593
Cumulative revaluation	11,759	-	11,759
	702,740	100,612	803,352

14 Investments

Company

	2021 £ 000	2020 £ 000
Investments in subsidiaries	200,700	176,616

Subsidiaries	**£ 000**
Cost or valuation	
At 1 January 2021	176,615
Additions	24,085
At 31 December 2021	200,700
Carrying amount	
At 31 December 2021	200,700
At 31 December 2020	176,616

During the year to 31 December 2021, the Company's subsidiary VUR Mezzanine I (UK) Limited issued 17,000,000 ordinary shares with aggregate nominal value of £17,000,000 to the Company. The Company's investments in subsidiaries increased accordingly.

The Company also acquired a new subsidiary business, Tabamara Ltd, which increased investments in subsidiaries by £7,085,000. See note 15 for further details.

14 Investments (continued)

Details of undertakings

The following were subsidiary undertakings of the company:

Undertaking	Principal activity	Holding	Proportion of voting rights and shares held 2021	2020
Subsidiary undertakings				
VUR Mezzanine I (UK) Limited	Holding company	Ordinary	100%	100%
VUR Mezzanine II (UK) Limited	Holding company	Ordinary	100%	100%
VUR Investment (UK) Limited	Holding company	Ordinary	100%	100%
VUR Village Hotels Limited	Holding company	Ordinary	100%	100%
VUR Village Properties Limited	Property investment company	Ordinary	100%	100%
VUR Village Hotels and Leisure Limited	Property investment company	Ordinary	100%	100%
VUR Village Trading No 1 Limited	Hoteliers and leisure club operators	Ordinary	100%	100%
VUR St Davids Hotel Limited	Non-trading company	Ordinary	100%	100%
VUR Village Trading No 2 Limited	Non-trading company	Ordinary	100%	100%
VUR Village Hotel Holdings Limited	Holding company	Ordinary	100%	100%
VUR Village Holdings No 2 Limited	Holding company	Ordinary	100%	100%
VUR Village Holdings No 3 Limited	Holding company	Ordinary	100%	100%
VUR Swindon Limited	Holding company	Ordinary	100%	100%
Tabamara Limited	Property investment company	Ordinary	100%	100%

14 Investments (continued)

The Company holds 100% of VUR Mezzanine I (UK) Limited directly, all other subsidiary holdings are indirect. All subsidiary undertakings are registered in England and Wales. VUR Mezzanine I (UK) Limited, VUR Mezzanine II (UK) Limited and VUR Investment (UK) Limited share the same registered address as the Company, 3rd Floor, 63 St James's Street, London, SW1A 1LY. The registered address for Tabamara Limited is Trident Chambers, Wickhams Cay, Road Town, Tortola (British Virgin Islands). The registered address for all other subsidiaries is, Cygnet Court Ground Floor, 230 Cygnet House, Centre Park, Warrington, WA1 1PP.

15 Group acquisitions

Tabamara Limited

	2021 Book value £ 000	2021 Fair value adjustments £ 000	2021 Fair value to Group £ 000
Tangible assets	14,250	542	14,792
Cash	3,250	-	3,250
Current creditors	(502)	-	(502)
Related party non-current creditors	(8,591)	-	(8,591)
Third-party non-current creditors	(1,864)	-	(1,864)
Net Assets	6,543	542	7,085

In May 2021 the Company acquired Tabamara Ltd, a British Virgin Islands registered property business which owned a hotel in Bracknell. Following its acquisition the hotel at Bracknell was closed and refurbishment works commenced. It was partially reopened for trade in December 2021.

The consideration paid was £6,543,000 at the date of acquisition. Acquisition costs of £542,000 have been capitalised, and combined with the net asset value comprise the total £7,085,000 of additions to investments in subsidiaries in relation to this acquisition. £1,864,000 of this net asset value was third party debts which were settled post completion.

The related party debtor of £8,591,000 was also repaid post completion, and as such is included within the cost of acquisition as an investment activity within the Group's statement of cash flows.

In December 2021 a licence to operate a hotel business from the site at Bracknell was granted by Tabamara Ltd to its fellow subsidiary VUR Village Trading No 1 Ltd. As such its trading results are included in the financial results of that company.

VUR Holdings (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

16 Stocks

	Group		Company	
	2021	2020	2021	2020
	£ 000	£ 000	£ 000	£ 000
Food and wet stock	1,535	608	-	-
Shop	122	105	-	-
	1,657	713	-	-

The value of stock expensed during the year was £9,207,000 (2020: £7,438,000).

17 Debtors

		Group		Company	
		2021	2020	2021	2020
	Note	£ 000	£ 000	£ 000	£ 000
Due within one year					
Trade debtors		2,635	631	-	-
Amounts owed by related group undertakings		-	-	11,584	1,129
Amounts owed by related parties	25	-	587	-	-
Other debtors		2,927	2,092	-	-
Prepayments and accrued income		5,691	2,338	-	-
		11,253	5,648	11,584	1,129
Due after more than one year					
Other debtors		5,445	4,275	-	-
		16,698	9,923	11,584	1,129

18 Creditors

	Note	Group 2021 £ 000	Group 2020 £ 000	Company 2021 £ 000	Company 2020 £ 000
Due within one year					
Trade creditors		135	1,525	-	-
Amounts owed to related parties	25	9,847	-	595	-
Amounts owed to group undertakings		-	-	885	44,910
Other taxation and social security		5,283	4,228	-	-
Other creditors		2,777	3,018	-	-
Accruals and deferred income		27,140	16,989	279	279
		45,182	25,760	1,759	45,189
Due after one year					
Loans and borrowings	19	407,429	409,257	-	-

A provision of £1,640,000 (2020: £3,603,000) relating to potential HMRC repayments due under the Coronavirus Job Retention Scheme was included within accruals at year end.

19 Loans and borrowings

	Group 2021 £ 000	Group 2020 £ 000	Company 2021 £ 000	Company 2020 £ 000
Non-current loans and borrowings				
Bank loans wholly repayable < 5 years	408,462	410,000	-	-
Debt issue costs	(1,033)	(743)	-	-
	407,429	409,257	-	-

The finance facility is secured over all of the assets owned and operated by VUR Investment (UK) Limited and its subsidiaries.

Following negotiations with the lender group which concluded on 23 November 2021, an extension of the loan term was agreed with the loan now repayable in November 2023, with a further extension to November 2024 made available and subject to certain conditions being satisfied. As part of the negotiations a repayment of £1,538,000 was also made.

Interest has been charged at an average rate over the period of 3% (2020: 4%) with the margin being 3.5%.

Subsequent to the year end, on 18 March 2022 the Group refinanced its debt facilities with Village Finco 2022, LLC and Euro Ruby Private Limited for a three year term, expiring on 25 March 2025.

20 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No. 000	**£ 000**	**No. 000**	**£ 000**
Ordinary shares of £1 each	217,217	217,217	183,272	183,272

During the year to 31 December 2021, 33,945,000 (2020: 31,272,000) ordinary shares with aggregate nominal value of £33,945,000 (2020: £31,272,000) were issued in VUR Holdings (UK) Limited.

Rights, preferences and restrictions
The ordinary shares carry a right to vote at all general meetings of the Company, a right to share in any dividend issued by the Company, and a right to share in a distribution of the Company (including on a winding up). The ordinary shares are not redeemable.

21 Reserves

Revaluation reserve
This reserve is used to record increases in the fair values of tangible fixed assets and the decreases to the extent that such decrease relates to an increase on the same asset.

Share premium account
Share premium account includes the premiums received on issue of share capital by the Company in June 2019.

22 Contingent liabilities

Under the terms of the loan facility agreement dated 4 October 2019 between VUR Investment (UK) Limited and Wells Fargo Bank a charge exists over all of the assets owned and operated by the Group. Total borrowings under the loan facility agreement at the year-end amounted to £408,462,000 (2020: £410,000,000).

23 Obligations under leases and hire purchase contracts

Group

Operating leases
The total of future minimum lease payments is as follows:

	2021 £ 000	2020 £ 000
Not later than one year	5,628	5,095
Later than one year and not later than five years	22,513	20,381
Later than five years	175,535	166,819
	203,676	192,295

23 Obligations under leases and hire purchase contracts (continued)

The Group made operating lease payments of £5,902,000 (2020: £5,599,000).

24 Capital commitments

The total amount contracted for but not provided in the financial statements was £3,998,000 in relation to the acquisition of the land at Milton Keynes (2020: £6,722,000). Following negotiations the site was purchased in June 2022 for £3,700,000.

25 Related party transactions

Group
The Group had unsecured borrowing from VUR Finance Sarl, a related party and subsidiary of the Group.

During the year the group was charged management fees and recharged expenses disbursed on behalf of Village by KSL Capital Partners International LLP and KSL Advisors LLC, who provide management services and strategic advice to the investments funds that own and operate the Village Group, of £300,000 (2020: £298,390).

During the year, the Group earned a hotel management operations fee of £1,005,000 (2020: £1,200.000). Management fees were charged to Cameron House Resort Hotel Ltd and TB Resort Operations Ltd.

Amounts due to related parties at the year end amounted to £9,847,000 (2020: £Nil). These included amounts paid in relation to fees incurred in Tabamara, predominant in relation to the hotel fit out, transaction fees settled in relation to the acquisition of Tabamara, and the management fees referenced above. Amounts due from related parties at the year end amounted to £Nil (2020: £587,000).

Of these balances, £9,604,000 was repaid subsequent to the year end.

Key management personnel

Summary of transactions with key management
All Directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals is £2,820,000 (2020: £2,100,000)

26 Parent and ultimate parent undertaking

100% of the share capital in the Company is owned by VUR Holdings II Sarl.

The smallest and largest group of companies in which the Company is a member and for which Group accounts are prepared at 31 December 2021 is VUR Holdings (UK) Limited, this Company.

In the opinion of the Directors the ultimate parent and controlling party of the Company is Monroe Offshore Holdings LP, a Limited Partnership registered in the Cayman Islands.

27 Post balance sheet events

On 1 March 2022 the Company underwent a share capital reduction of £195,495,000 by reducing the nominal value of each issued fully paid up ordinary share from £1 to 10p.

On 18 March 2022 the Group refinanced its debt facilities with Village Finco 2022, LLC and Euro Ruby Private Limited for a three year term. The loan principal was £465,000,000 split equally by the two lenders.

Following the refinance, the Company paid dividends of £43,846,000 to KSL on 25 March 2022. The Group also repaid £9,604,000 of the loan balances owed to KSL at the year end on that date.

In March 2022, in tandem with the refinancing of the Group, the Bracknell property was sold from group company Tabamara Ltd to fellow group company VUR Village Properties Ltd. A lease to operate a Hotel Accommodation business from the property was granted by VUR Village Properties Ltd to its subsidiary VUR Village Trading No 1 Ltd at the date of acquisition.

The Group purchased a long leasehold for land in Milton Keynes on 21 June 2022 for £3,700,000. The Group are currently assessing development options for the site.