Registration number: 09281964

VUR Holdings (UK) Limited

Consolidated Financial Statements

for the Year Ended 31 December 2023

VUR Holdings (UK) Limited

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VUR Holdings (UK) Limited

Company Information

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VUR Holdings (UK) Limited

Strategic Report for the Year Ended 31 December 2023

Introduction
The directors present their strategic report for the year ended 31 December 2023. The Company VUR Holdings (UK) Limited 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 12.

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; New York and London, United Kingdom. KSL Advisors LLC are the advisors with oversight of the fund.

The Directors consider that 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"). The Group's application of the Guidelines is reviewed every three years, the last being in the year ended 31 December 2021. The Private Equity Reporting Group confirmed that those accounts had a 'Good' level of compliance.

Overview of the Group
With 33 locations throughout the UK, and growing, Village offers so much more than a traditional mid-market hotel offering. 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 pools and award-winning classes at every location. As well as a Pub & Grill (Village Food & Beverage offering), 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 diverse 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 83% during 2023 (2022: 78%), and total leisure members of 125,000 at 31 December 2023 (2022: 112,000). This in turn drives cross sales within the Food & Beverage business, which benefits from significant organic demand from the local community.

A typical Village hotel would comprise the following:

• An average of 132-bedroom hotel
• Pub & Grill
• Starbucks
• Function suites 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 group 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. The Group has a constant focus on its digital strategy and technological advances with investment into its revenue management system, allowing Village to better control and analyse the average daily rate.

Food & Beverage

Village offers a single, all day dining concept called 'Pub & Grill', a 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. The menu was relaunched in Spring 2023, ensuring the offering remains an attractive and competitive proposition.

Alongside the Pub & Grill, each hotel (apart from Village 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 area. 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, steam room and more. With an average of 3,800 members per club at December 2023 (2022: 3,400), Village Health & Wellness Club is an attractive offering as a standalone gym within the hotel 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 complements the service received by hotel guests, with the 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 across the UK to build greater UK market share, in turn building greater national awareness 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 improving the cost savings. These factors are discussed further in the key trends impacting future performance section.

The Group has successfully both developed new builds and conversions of existing hotels to Village Hotels in the past and is confident in pursuing both options going forwards.

Tax strategy

In accordance with FA2016 Sch 19, the Company's Tax Strategy document can be found on its website: https://www.village-hotels.co.uk/statements/tax-strategy.

Position of the Group at the end of 2023

The Group made a profit after taxation of £14,209,000 (2022: Profit of £21,798,000) which included a £5,943,000 reversal of prior impairment loss on fixed assets (2022: Reversal of prior impairment loss on fixed assets £4,276,000) in respect of the Directors' fair value assessment of assets. However, during the year the Group also recognised an unrealised surplus on revaluation of tangible fixed assets of £30,396,000 (2022: £10,697,000) leading to a total comprehensive income for the year of £44,605,000 (2022: £32,495,000).

At 31 December 2023, the Directors valued the Group's hotel property portfolio at £749,200,000 (2022: £704,050,000), an increase of 6% on the prior year.

For the twelve months to 31 December 2023, the Group generated sales of £260,860,000 (2022: £227,650,000) and operating profit of £53,355,000 (2022: Profit of £41,582,000) which included exceptional items of £3,908,000 (2022: £4,155,000), being reversal of prior impairment loss on fixed assets £5,943,000 (2022: £4,276,000), fees in relation to project costs £1,759,000 (2022: £nil), Group reorganisation costs £134,000 (2022: £nil) and Non-UK trademarks £142,000 (2022: £121,000). Operating profit before exceptional items was £49,447,000 (2022: £37,427,000).

The Group cash inflow from operations was £65,273,000 (2022: £59,993,000). At 31 December 2023, the Group had cash of £48,467,000 (2022: £35,555,000) and bank borrowings of £465,000,000 (2022: £465,000,000).

The Group is financed by Bank borrowings (Senior Loan) and equity provided by funds managed by KSL Capital Partners. A summary of debt within the Business at year end is below.

Year ended 31 December	**2023**	**2022**
	£m	£m
Senior loan	465.0	465.0
Total debt	465.0	465.0

The Group's facility was obtained in 2022 and has a three-year term, initially terminating on 25 March 2025, but with the option of two additional one-year extensions available at the Group's request. The senior loan is interest bearing and the principle is repayable at the end of the facility term, however the Group has the option to extend the facility term to 25 March 2027. The Group's hedge matured in March 2024 and the Group struck another hedge which will mature in March 2025.

The Group's current facility is due to expire in March 2025, however under the facility agreement the Group has the option to extend the termination date to March 2026. There are set criteria under the facility agreement that the Group must meet which will result in the grant of the term extension. At December 2023, the Group has met these conditions and Management expect to still be eligible for the extension at March 2025 based on their forecasts. The Group believes that this secures its financial stability for the foreseeable future and has purchased interest rate hedge instruments which will shield its exposure to continued rises in interest rates.

The Company has issued share capital comprising 217,220,000 Ordinary Shares of £0.10 each (2022: 217,220,000 Ordinary Shares of £0.10 each) as shown in note 17. During the year the Group underwent a group restructure which led to share capital reduction in the following entities: VUR Village St Davids Hotels Limited (£4,083,000); VUR Village Holdings No 2 (£98); VUR Village Holdings No 3 (£96); and VUR Village Hotels Limited (£10,000). In December 2023 the Group applied for several companies to be struck off, with Tabamara Limited being liquidated on 2 February 2024. The Group also applied for voluntary strike-off of VUR Swindon Limited, VUR St Davids Hotel Limited and VUR Village Trading No 2 Limited in December 2023. The entities were dissolved on 2 April 2024. Additionally, a number of intercompany loans were waived across the group.

VUR Holdings II Sarl holds 100% of the share capital. The ultimate controlling party is disclosed in note 23.

Development and performance of the Group in 2023
The Group operated 33 hotels 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	Hull	Southampton Eastleigh
Bristol	Leeds North	Swansea
Bury	Leeds South	Swindon
Cardiff	Liverpool	Walsall
Cheadle	London Watford	Warrington
Coventry	Maidstone	Wirral

The Group had a strong year in 2023 which was particularly impressive given the wider economic context of escalating inflation and the impact this continues to have on cost of living for consumers. Group EBITDA closed at £66,857,000 (pre-exceptionals).

In relation to its hotel rooms performance, revenue increased compared to 2022 by 14% driven by public bookings and an increase in corporate customers. Both occupancy and the average daily rate exceeded the prior year, with a strong uplift in its mid-week performance.

Due to the strength of the other rooms sectors, promotional rooms business was lower than in 2022, however given the lower margins of this business this was a result of strategic prioritisation of the more profitable room segments. Notwithstanding, the average rate of these rooms was also slightly ahead of 2022 levels.

In relation to the Meetings & Events (M&E) business, 2023 saw the continued ramp up of M&E, which grew 16% compared to 2022. Training events were prevalent as the corporate market recruited new teams and embarked on courses and events aimed at retaining talent. Conference and meetings saw an increase in average attendee numbers with regional training courses being targeted to use multiple Village locations. Sports groups were targeted for tournament camps, pre-match meals and team accommodation, with this market responding very well to the dedicated Village Sports Desk.

The launch of the “Party at Village” programme in 2023 attracted banqueting clients and this continued through to Christmas with both corporate exclusive and joiner parties performing well.

The Food & Beverage (F&B) business also performed well with the Pub & Grill and Starbucks both exceeding expectations, supported by a new F&B menu as well as the implementation of a data platform used to support hotels in upsell opportunities and better management of payroll. There was a large focus on sport and social engagement with the group partnering with major sporting events such as the Grand National, World Darts and Boxxer.

In the Health & Fitness (H&F) business, memberships continued to grow, exceeding prior year despite the rising cost of living issues. The Group finished the year with 125,000 members, 13,000 members ahead of the number it had at the end of 2022. The Group continues to invest in this area to continue to drive membership growth and yield growth.

The Group was able to continue with an impressive delivery of EBITDA 23% above 2022 levels. This coupled with forward-purchasing of electricity and gas allowed the Group to mitigate the impact of the volatile energy wholesale market, and the Group continues to contract ahead to protect its position.

Key Performance Indicators (KPIs)

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

		2023	**2022**
Group revenue	£ 000	260,860	227,650
Group cost of sales	£ 000	(114,249)	(100,567)
Group gross profit	£ 000	146,611	127,083
Group gross margin		56.2%	55.82%
Group operating profit	£ 000	53,355	41,582
Group EBITDA pre exceptionals	£ 000	66,857	54,348
Group EBITDA pre exceptionals margin		25.63%	23.87%
Group exceptionals (1)	£ 000	3,908	4,155
Group EBITDA post exceptionals	£ 000	70,765	58,503
Group EBITDA post exceptionals margin		27.13%	25.7%
Health & Wellness Member numbers at year end	No.	125,000	112,000
Average room numbers per hotel	No.	132	132
Number of hotels	No	33	33
Average number of employees in the year	No.	4,794	4,340

Footnote: Exceptional items include revaluation gains/impairments, project fees and non-UK trademarks.

The financial KPIs above represent the metrics the Group measures its performance on both internally and to its shareholders, with EBITDA pre exceptionals specifically being the basis on which the Group determines its performance in relation to its target, namely Budget. The Group exceeded Budget EBITDA by over £8m in the year. Revenue is important as demonstrating the headline income generated across the Business, however the Group also closely monitors its profits (both gross profit and EBITDA) to ensure it maintains good cost control within the Business, as outlined above in relation to efficiencies maintained in the year.

In relation to non-financial KPIs, the membership numbers are a key metric for determining the performance of the Health & Wellness business, and the year-end position was nearly 10,000 members above the Group's target position for closing 2023. The Business aims to optimise average rooms per hotel to ensure it is generating the maximum income possible from its properties, which can still be comfortably serviced by its staff and facilities. As such it targets a minimum number of rooms per hotel for any new developments in contemplation as part of its wider strategy. Similarly, the number of hotels is important for its strategy, which is to continue to add more profitable hotels into its portfolio and expand its UK footprint, although given the importance of ensuring each new development is value accretive and fits with the Village brand, no specific target has been set.

People are at the core of the Village brand, and as such employee numbers are a key metric. The Group must ensure it has enough staff to provide an exceptional service to guests and members, but that they are distributed according to need. Individual hotels and departments set their own target staff numbers within the group core operating framework to ensure maintenance of Village's high standards.

The above key performance indicators provide clear indications to the Group 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 Group 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 caused by the significant increase in inflation 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 overall. It continues to review this internally and has considered how to mitigate reduced consumer spending in each category of its business. The results that the Group achieved during the year, whilst in the face of a cost of living crisis, has brought reassurance that going forward the Village brand is strong enough to retain customers.

In relation to the hotel business, the Group uses dynamic pricing to capitalise on high demand periods, good communication with guests regarding upcoming offers, and enjoys a differentiated offering from competitors through its high calibre gym, varied food & beverage options and V-Works. The Food & Beverage offering is regularly reviewed to remain attractive and relevant, whilst maximising margin, and 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 facilities to attract new members, as well as retaining existing members, differentiating itself from the competition and delivering good value for money. This includes a c.£3m investment during the year. 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 for some consumers, leisure time and exercise has become more of an essential service since being deprived of the benefits of gyms during the Covid-19 restrictions, rather than a luxury.

Corporate customer trends

The Group 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 and the public sector. As such revenues from such customers should be relatively steady and shielded from economic fluctuations, although the Group keeps this under review, which benefits both the Hotel and Food & Beverage operations.

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 onsite gym and Food & Beverage facilities, particularly if they have elected to downsize their offices.

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

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.

Like many other businesses, the Group encountered challenges in the year arising from high inflation, partially driven by the increase in utility costs and food costs. The Group has benefitted from its advance contracting of utilities which mitigated much of its exposure to the sharp increase in wholesale utility costs in 2023. The Group has also factored anticipated rises in wages and salaries into its forecasts, including the significant increase in the National Minimum Wage in April 2024. The Group's approach to managing economic risk going forwards include a newly signed utility contract, the new HR platform that allows the Group to more accurately forecast staff requirements to reduce the continued forecast increases in wages and salaries, by more efficiently and effectively planning and budgeting staff time, as well as regular monitoring of the menu and specific food costs to help control food inflation costs. These policies and forecasts are reviewed on a regular basis.

Conflict risk (Including Ukraine/Russia and Gaza/Israel)

The Group is fully supportive of all those impacted by the ongoing conflicts and has previously offered its assistance to authorities to help refugees in the UK, providing jobs and accommodation, with several refugees employed within the business. 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. As outlined above, the launch of its new menu has further helped manage challenges raised in relation to sourcing and pricing goods by refocussing on sustainability and product quality.

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 and to 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 health & safety processes and practices are in place at all times to protect customers and employees, whose wellbeing is its paramount concern, and to maintain the highest standard of hygiene.

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. Recognising that people are often the weakest point from a security perspective, it conducts regularly training and random testing on all staff to ensure they remain educated and vigilant about cyber security.

Interest risk
During the process of obtaining the Facility Agreement in 2022, the Group has purchased financial instruments to protect it from further interest rate rises following the continued increase in the Bank of England interest rate which began within the year. This instrument covers the period to March 2025 at which point the Group will purchase another instrument.

Liquidity risk
The Group aims to mitigate cash flow risk by carefully managing and monitoring its cash generation from its operations. The Group has an initial three-year facility with lenders Village Finco 2022 LLC and Euro Ruby Private Limited. Under the facility, 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 £48,467,000 (2022: £35,555,000).

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, as outlined further below.

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.

Potential sale of the Group

The Board have instigated a Group sale process that is progressing and whilst there can be no certainty to the outcome of the process, the Directors consider it likely that a sale may arise in the going concern assessment period, and because not all future events, conditions or plans for the business under new ownership can be predicted, the existing directors cannot fully assess whether the going concern basis of accounting will remain appropriate for the Group after a potential sale has completed. Whilst the Directors do not believe any potential buyer would not have sufficient funding in place and operate the Group on an ongoing bases as a going concern, this represents a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. Refer to note 2 for further detail on the going concern assessment.

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, that would most likely promote the success of the company for the benefit of its members as a 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 in a way 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 Directors and the Executive Team for any matters that may arise, as well as key business priorities that 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 four times a year which is attended by the Directors, Senior 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) matters. At these Board meetings, approval is sought for key decisions that will impact the Group.

In addition to main Board meetings, shareholders are updated as to the financial status of the Group every month by the Directors. 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 at all levels through three different, key methods. The Business communicates with line level employees via a communication platform each month, which highlights key business activity, people days and engagement initiatives alongside brand updates such as promotions. The Business communicates operational change and activity to Managers through a monthly pack which is an extensive overview of the month ahead along with a monthly commercial pack which outlines financial performance against the key KPIs for General Managers to identify opportunity for the month ahead.

The Business is keen to ensure that this communication channel works both ways and that the methods are effective, and conducts a regular employee survey to take onboard employees' suggestions and any concerns. This is done twice a year (May and November). The Business continues to see strong employee engagement with 86% in May 2023 and 82% in November 2023, with positive results indicating a strongly engaged, motivated & loyal workforce. The Group also has initiatives such as "GM Round Tables" to allow hotel leaders to discuss ideas with the central function heads that will drive business change.

The Executive Team believes 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 guest experience, 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. The programmes offered range from intuitive gamification for brand standards, to Management Development programmes to grow future leaders. The development programme continues to be successful with over 36 due to graduate in 2024 and a further 38 enrolled for the 2024 programme.

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 who provide consolidated online customer feedback 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, (GSS), 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 Executive Team transparency of the top performing hotels and best practices that can be shared.

The Group engaged in a Mystery Customer programme which covers all areas of the operation which supports the drive of brand standards as well as hospitality and service. This happens in all 33 locations every month and produces a report detailing a customer's likelihood to recommend and likelihood to return. This sits neatly alongside online customer feedback to give two clear customer metrics to drive hotels forward. Along with employee engagement the Business has seen a direct correlation between guest satisfaction and employee engagement, as both metrics move positively forward year on year.

Leisure Members

Health & Wellness accounts for approximately 24% 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. 2024 will see the introduction of loyalty platform for the Health & Wellness members that will allow further interactive marketing and personalised promotions.

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 engaged as possible.

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 Committee to oversee and drive forward energy management across the Village Group.

Environmental, Social and 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 Management 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 continued in 2023, with the ESG Steering Committee working on key pillars of Village Green, the Group's ESG and Sustainability strategy. Sustainability Stars, a team of influential rising stars from across the Business, continue to operate at a local level across all Hotels and are tasked with implementing and tracking initiatives that are set to minimise the environmental impact and enhance the social impact in communities around Village.

One of the most impactful decisions was to change energy providers to 100% renewable electricity and a 'green gas' tariff, was to be fully implemented in 2023. In line with this decision the Company has launched a fully electric car scheme for employees.

The Company 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.

In 2023 Village partnered with Accenture to measure its carbon emissions with a view to setting a Science Based Target to reduce all emissions across all operations. The Science Based Target work remains in progress.

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 "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.

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.

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 recognises 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 2023 was 4,917, which rose from 4,743 at 31 December 2022.

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 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 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 order to retain this high level of engagement, the Group uses a platform of Reward and Recognition. The platform "My Village Rewards" allows for multiple benefits in one hub, giving all employees access to multiple benefit types such as high street discounts, Gym Membership, lifestyle benefits and more. The platform then offers support and advice through a wellbeing programme, financial advice portal and access to an Employee Assist programme. Aside from the benefits the "My Village Hub" also allows for peer-to-peer recognition through a points system. This is where employees can be awarded points for tactical incentives that may have impacted on profit, product or people. Points are awarded for great performance and are redeemed against prizes from a wide-ranging catalogue. During 2023, My Village Rewards was integrated with the new HR platform so that employees are able to access all their benefits from an app.

Employee engagement is also well positioned with the Group's BIG PEOPLE DAYS - where employees engage in activities to have fun, work together, feel valued as well as charity and local community events.

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 My village Rewards 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. Over 2023 the Group has invested in 43 Mental Health First Aiders to support on property both employees and guests.

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 30 April 2023, the table below shows the breakdown of roles by gender:

	2023			2022		
	Company directors	Senior leadership team	Employees	Company directors	Senior leadership team	Employees
Female	-	11	2,332	-	12	2,472
Male	2	12	1,521	2	12	1,692

	2023		2022	
	Mean	Median	Mean	Median
Gender Pay Gap	9.85%	0%	10.23%	0%
Gender Bonus Gap	52.9%	36.3%	61.7%	48.4%

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

Flexible working

The company operates a flexible working policy and recognises the requirement for flexible working options and work-life balance. The business continues to see a great number of requests approved and supported ensuring a positive impact for employees and those returning from maternity at all levels within the business. The introduction of homeworking and video conferencing has allowed further flexibility and retention of both male and female employees. Home working has become a core part of working culture which further strengthens flexible working for all employees. The business has also increased its Maternity benefits offering enhanced pay to support those on maternity, paternity & adoption leave in 2023.

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. A monthly salary increase policy allows for a 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 74 employees participating. Village is particularly committed to driving more females into General Management roles.

Approved and authorised by the Board on 17 May 2024 and signed on its behalf by:

DocuSigned by:
Steve Walker
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S V S Walker
Director

VUR Holdings (UK) Limited

Statement of Corporate Governance for the Year Ended 31 December 2023

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, such as how Directors have engaged with and have considered the interests of stakeholders including UK employees, suppliers, customers and those in a principal business relationship with the Company. Reporting against the Wates Principles is included in the Corporate Governance Statement below.

Corporate Governance Statement
For the year ended 31 December 2023, under The Companies (Miscellaneous Reporting) Regulations 2018, the Company 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 Company are considered the Main Board (“Main Board"). The Main Board engages with the wider executive team (“the Executive Team") that is made up of key leaders in the Company 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 Company.

The Company is a unique hotel owner operator. It owns hotels in the UK and is able to assess full control over its operations. The Company’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, 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 Company champions the wellbeing of its employees and having a positive impact on the communities it operates in.

Principle 2 - Leadership composition
The Company is a privately owned company. 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 Company 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 large company.

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 Company’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 Company can achieve its objectives but also ensure that stakeholders can have confidence that their trust in the Company is well founded.

The Company’s Senior Executive Team is composed of a Chief Executive Officer, a Chief Financial Controller, Director of People and Operations, and General Counsel. The Senior Executive Team attends Main Board meetings quarterly.

The Executive Team meet bi-weekly to discuss performance, risk, and highlight areas that need discussion. The Executive Team has a diverse offering of skills and expertise in the wide range of services offered by the Company 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 Company'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 also 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 Company 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 Company pursues a combined organic and development led growth strategy.

Through investing in the current portfolio, the Company seeks to improve the revenue and profitability of its existing hotels. In addition, the development team works closely with the Executive Team, to identify opportunities to expand the Company’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 Company 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 Company engages third party experts to audit fire safety, food safety, and IT system security at least annually. The feedback from these audits is 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 Company's people are paid in line with industry standards.

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

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

People: The Company has a vision to engage & motivate all employees, by encouraging growth and nurturing through training, development, reward & recognition. The Company 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 Company 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 Company 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 Company 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 Company's people with the latest information, using applications that provide instantaneous news updates along with instant access to benefits, incentives & growth opportunities. The Company 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 Company 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 Company's people. Values drive the business to be the best it can. In the collective, the Company's people and values form its corporate culture, which serve the best interests of its employees, guests, members and shareholders.

Sustainability and Community: The Company operates a Village Green vision ‘to have a positive impact on the communities in which the Company operates in both environmentally and socially.’ The Company is committed to its Environmental, Social and Governance (ESG) policy and principles in order to operate as a responsible business. The Company understands that a better sustainable future is within its reach and wants to play a significant part in getting there. The Company 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 Company 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 Company 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.

VUR Holdings (UK) Limited

Directors Report for the Year Ended 31 December 2023

The Directors present their report and the for the year ended 31 December 2023.

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 £14,209,000 (2022: Profit of £21,798,000). This result includes reversal of prior impairment loss on fixed assets tangible assets of £5,943,000 (2022: Reversal of prior impairment loss on fixed assets of £4,276,000.)

The Group made payment of a dividend of £nil (2022: £43,846,000) to the shareholders in the year, and as such the Directors do not recommend the payment of a final dividend (2022: £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 Financial 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 Capital 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 Financial 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-paced 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 Company and the wider Group for the period to 30 June 2025 (the going concern review period) whilst considering a range of sensitivities for plausible downside scenarios.

Following the Group's refinancing in 2022, the Group is required to meet a number of loan arrangements and a loan to value (LTV) ratio covenant to avoid breaching the terms of its facility agreement. The financial covenant requires that at each quarter end the Group's LTV ratio does not exceed a pre-determined threshold. This covenant test has been considered as part of the Group's going concern assessment, the property market environment impacting such values and current headroom, as well as ongoing compliance with the wider loan arrangements.

The Group's current facility of £465m is due to expire within the Going Concern Review Period in March 2025, however under the facility agreement the Group has the option to extend the termination date to March 2026, and then again further to March 2027. There are set criteria under the facility agreement that the Group must meet which will result in the grant of the term extension. At December 2023, the Group has met these conditions and Management expect to still be eligible for the extension at March 2025 based on their forecasts and downside analysis considered below.

Management have prepared a base case forecast, for the going concern assessment period, considering the current market environment and expectations over that period. Key assumptions are: no significant restriction on trade are experienced; revenue per available room will be 103.6% of 2023 levels in 2024, further increasing to 109.6% of 2023 levels in 2025; and average leisure memberships for the year will be 111.8% of 2023, increasing to 117.1% of 2023 levels in 2025.

Management recognise the challenges in the market and economic uncertainty and have therefore performed sensitivity analysis with severe but plausible downside analysis including:

• Food and beverage cost of sales increase by 10%

• Utilities increase by 25%

• Departmental payroll increases by 10%

• Rooms occupancy falls by 15%

• Health & Fitness joiners fall by 10%

• Meetings & Events revenues fall by 10%

In both the base case and severe but plausible downside scenarios the conditions of the loan arrangements and to enable the extension of the loan, if required, are met. Further, whilst Management have performed this analysis they believe that the base case scenario is achievable and if any downside factors were to arise then they could take mitigating action such as passing on increased costs and/or reducing any discretionary spend. Further the current loan to value (LTV) ratio is 64% as at 31 December 2023, being the last quarter date, against a covenant requirement of a maximum ratio of 85%. Given the headroom on the covenant and that in both the base case forecasts and the severe but plausible downside scenarios the LTV ratio is met, the Directors do not anticipate breaching the covenant in the going concern review period.

However, whilst these considerations do not indicate a material uncertainty in respect of going concern, the Board have instigated a Group sale process that is progressing. Whilst there can be no certainty as to the outcome of the process, the Directors currently consider it likely that a sale will arise in the going concern assessment period, and because not all future events, conditions or plans for the business under new ownership can be predicted, the existing Directors cannot fully assess whether the going concern basis of accounting will remain appropriate for the Group after a potential sale has completed. Accordingly, this indicates the existence of a material uncertainty which may cast significant doubt over the Group and Company’s ability to continue as a going concern.

Given the sale process has not concluded and the fact that existing trading and funding does not indicate a going concern issue, in addition that the Directors have no reason to believe that any potential buyer would not have a funding plan in place and operate the Group as a going concern, the financial statements have been prepared on a going concern basis and therefore do not contain adjustments that would arise should an alternative basis of preparation be adopted.

Post balance sheet events
On 2 April 2024, the Group's voluntary application to strike-off of VUR Swindon Limited, VUR St Davids Hotel Limited and VUR Village Trading No 2 Limited was successful and the entities were dissolved. In addition, on 2 February 2024, Tabamara Limited was liquidated.

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 2024 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 2023 strategy was to establish a clear leadership team focussed on ESG, with particular focus on reducing the Group's carbon emissions, and with a longer-term view to setting a Science Based Target to Net Zero for the Group. This ESG Steering Committee meets regularly and implements a number of initiatives focused on carbon reduction within the year. During 2023, the Group changed energy provider to 100% renewable electricity.

Greenhouse Gas Emissions
This statement has been prepared in accordance with our 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.

Methodology
The Group quantifies and reports the Group's organisational GHG emissions in alignment with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and in alignment with the Scope 2 Guidance. The Group consolidates the organisational boundary according to the operational control approach, which includes all Village's UK sites. The Group has adopted a materiality threshold of 5% for GHG reporting purposes. The GHG sources that constituted our operational boundary for the year are:

• Scope 1: Natural gas, diesel
• Scope 2: Electricity, heat
• Scope 3: Expensed mileage

In some cases, where data is missing, values have been estimated using either extrapolation of available data or data from previous years as a proxy.

The Scope 2 Guidance requires that the Group quantifies and reports Scope 2 emissions according to two different methodologies ("dual reporting"): (i) the location-based method, using average emissions factors for the country in which the reported operations take place; and (ii) the market-based method, which uses the actual emissions factors of the energy procured.

At the Village Whiston site in Liverpool, electricity and heat are generated from a CHP system, which Village Hotels does not own. Village are charged for the electricity and heat generated and the emissions resulting from this usage are accounted for, using an emissions factor based on the natural gas consumption. The Group has assumed that the emissions from the electricity and heat are proportional to the share of energy generated.

Performance

Village hotels has rolled out a series of initiatives to reduce its carbon footprint. The Village Green ESG strategy has been reinvigorated and work on deploying targets will be finalised in 2024. Over the year there has been the delivery of a core programme of ESG works, sponsored at board level, and managed on a quarterly basis by the senior steering group. This programme of works has included:

• Ongoing site engagement programme

• BMS and site consumption data is analysed and general managers and contractors from focus sites are engaged to make changes to set points, run times, and other controllable variables.

• Training - All general managers and maintenance managers have been upskilling in the Village ESG strategy.

• Net Zero audits - over a third of the portfolio has been physically audited and net zero pathways have been developed ready to align with capital spending plans in the future.

• Data is captured and reported - including common lessons across hotels, savings reports, and performance against baselines.

The table below shows the Group's GHG emissions for the financial year 2023 (1 January 2023 to 31 December 2023). During the reporting period, the measured Scope 1 and 2 emissions are detailed below:

	01/01/2023 - 31/12/2023	**01/01/2022 - 31/12/2022**	
Scope – Emissions covered in the report	**Total (tCO2e)**	**Total (tCO2e)**	**% Change**
Scope 1	**12,787**	**11,747**	**9%**
Natural gas	12,768	11,731	9%
Other fuels	18	16	15%
Scope 2 - Location based	**10,404**	**9,854**	**6%**
Scope 2 - Market based	**9,489**	**13,225**	**-28%**
Total Scope 1 & 2 – Location based	23,191	21,600	7%
Total Scope 1 & 2 – Market based	22,275	24,971	-11%
Scope 1 & 2 intensity per m2 - Location based	0.075 tCO2e/m2	0.070 tCO2e/m2	7%
Scope 3	**270**	**246**	**10%**
Business travel	270	246	10%

There has been an overall increase in location-based emissions by 6% compared with 2022. This emissions increase has been driven by an increase in the carbon intensity of the grid as there has been a small drop in electricity consumption. The colder weather over the winter period has also driven demand for heating which has increased natural gas emissions. Overall market-based emissions have reduced by 11% compared with 2022 as a result of a 100% renewable energy tariff (started in September 2023). There will be an even larger reduction next year.

During the year, our total fuel and electricity consumption totalled 120,807 MWh, of which 100% was consumed in the UK. The split between fuel, electricity, and heat consumption is displayed below:

Energy consumption (MWh)	**01/01/2023 - 31/12/2023**	**01/01/2022 - 31/12/2022**
	Total	**Total**
Electricity	50,244	50,314
Fuels (1)	69,855	65,316
Heat (2)	708	708

(1)Natural gas and transportation fuels (petrol and diesel)
(2) Combined heat and power

The Group's emissions have been verified to a reasonable level of assurance by an external third party GHG specialist according to the ISO 14064-3 standard.

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 2023 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 Group'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.

Approved and authorised by the Board on 17 May 2024 and signed on its behalf by:

DocuSigned by:

Steve Walker

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S V S Walker

Director

VUR Holdings (UK) Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom 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.

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards, including FRS 102, 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 appropriate to presume that the Company and/or the Group will not 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 2023 which comprise Consolidated Profit and loss account and 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 24 , 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 2023 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.

Conclusions relating to going concern

We draw attention to note 2 in the financial statements, which indicates that a sale process of the Company and Group, has been initiated. Whilst this process is ongoing, it is expected to be completed within the going concern period following the approval of these financial statements. The expected change of ownership means the directors have limited certainty over the intended future financing and positioning of the Group and Company within any new owner group.

As stated in note 2, these events or conditions, along with the other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in preparation of the financial statements is appropriate. Our opinion is not modified in respect of this matter.

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

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

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 27, 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.

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 and National Minimum Wage Act.

• 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. 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 reviewed managements external specialist report 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.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

Ernst & Young LLP

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

17 May 2024

VUR Holdings (UK) Limited

Consolidated Profit and Loss Account and Statement of Comprehensive Income for the Year Ended 31 December 2023

	Note	2023 £ 000	2022 £ 000
Turnover	3	260,860	227,650
Cost of sales		(114,249)	(100,567)
Gross profit		146,611	127,083
Exceptional items	7	3,908	4,155
Administrative expenses		(97,217)	(89,971)
Other operating income	4	53	315
Operating profit	5	53,355	41,582
Other interest receivable and similar income	8	-	13
Interest payable and similar expenses	9	(42,562)	(23,810)
		(42,562)	(23,797)
Profit before tax		10,793	17,785
Tax on profit	10	3,416	4,013
Profit for the financial year		14,209	21,798
Profit attributable to:			
Owners of the Company		14,209	21,798
Profit for the year		14,209	21,798
Unrealised surplus on revaluation of tangible fixed assets		30,396	10,697
Total comprehensive income for the year		44,605	32,495

The above results were derived from continuing operations.

VUR Holdings (UK) Limited

(Registration number: 09281964)
Consolidated Balance Sheet as at 31 December 2023

	Note	2023 £ 000	2022 £ 000
Fixed assets			
Tangible assets	11	749,200	704,050
Other non-current assets	10	-	6,478
		749,200	710,528
Current assets			
Stocks	13	851	874
Debtors: amounts falling due within one year	14	26,477	28,587
Cash at bank and in hand		48,467	35,555
		75,795	65,016
Creditors: Amounts falling due within one year	15	(45,402)	(43,132)
Net current assets		30,393	21,884
Total assets less current liabilities		779,593	732,412
Creditors: Amounts falling due after more than one year	15	(461,823)	(459,247)
Net assets		317,770	273,165
Capital and reserves			
Called up share capital	17	21,722	21,722
Share premium reserve	18	84,691	84,691
Revaluation reserve	18	102,702	72,306
Profit and loss account		108,655	94,446
Equity attributable to owners of the company		317,770	273,165
Shareholders' funds		317,770	273,165

Approved and authorised by the Board on 17 May 2024 and signed on its behalf by:

DocuSigned by:
Steve Walker
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....
S V S Walker
Director

The notes on pages 38 to 57 form an integral part of these financial statements.

VUR Holdings (UK) Limited

(Registration number: 09281964)
Company Balance Sheet as at 31 December 2023

	Note	2023 £ 000	2022 £ 000
Fixed assets			
Investments	12	200,701	200,701
Current assets			
Debtors	14	-	12
Cash at bank and in hand		292	263
		292	275
Creditors: Amounts falling due within one year	15	(372)	(341)
Net current liabilities		(80)	(66)
Net assets		200,621	200,635
Capital and reserves			
Called up share capital	17	21,722	21,722
Share premium reserve	18	84,691	84,691
Profit and loss account		94,208	94,222
Shareholders' funds		200,621	200,635

The company made a loss after tax for the financial year of £14,000 (2022: Profit of £33,956,000).

Approved and authorised by the Board on 17 May 2024 and signed on its behalf by:

DocuSigned by:
Steve 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 2023
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 2023	21,722	84,691	72,306	94,446	273,165
Profit for the year	-	-	-	14,209	14,209
Other comprehensive income (Note 18)	-	-	30,396	-	30,396
Total comprehensive income	-	-	30,396	14,209	44,605
At 31 December 2023	21,722	84,691	102,702	108,655	317,770

	Share capital £ 000	Share premium £ 000	Revaluation reserve £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2022	217,217	84,691	61,609	(79,001)	284,516
Profit for the year	-	-	-	21,798	21,798
Other comprehensive income (Note 18)	-	-	10,697	-	10,697
Total comprehensive loss	-	-	10,697	21,798	32,495
Dividends	-	-	-	(43,846)	(43,846)
Share capital reduction	(195,495)	-	-	195,495	-
At 31 December 2022	21,722	84,691	72,306	94,446	273,165

VUR Holdings (UK) Limited

Company Statement of Changes in Equity for the Year Ended 31 December 2023

	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2023	21,722	84,691	94,222	200,635
Loss for the year	-	-	(14)	(14)
At 31 December 2023	21,722	84,691	94,208	200,621

	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2022	217,217	84,691	(91,383)	210,525
Profit for the year	-	-	33,956	33,956
Dividends	-	-	(43,846)	(43,846)
Share capital reduction	(195,495)	-	195,495	-
At 31 December 2022	21,722	84,691	94,222	200,635

The notes on pages 38 to 57 form an integral part of these financial statements.

VUR Holdings (UK) Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2023

	Note	2023 £ 000	2022 £ 000
Cash flows from operating activities			
Profit for the year		14,209	21,798
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	17,410	16,921
Revaluation/(impairment) of tangible fixed assets		(5,943)	(4,276)
(Profit)/loss on disposal of tangible assets	7	(176)	695
Interest received	8	-	(13)
Finance costs	9	37,767	23,810
Fair value movement on hedge		4,799	-
Taxation charge/(credit)	10	(3,416)	(4,013)
		64,650	54,922
Working capital adjustments			
Decrease in stocks	13	23	783
Increase in trade debtors	14	(2,686)	(3,688)
Increase in trade creditors	15	3,311	7,798
Cash generated from operations		65,298	59,815
Corporation tax (paid)/received	10	(25)	178
Net cash flow from operating activities		65,273	59,993
Cash flows from investing activities			
Purchase of tangible assets		(18,376)	(19,082)
Sale of tangible fixed assets		176	(695)
Net cash flows from investing activities		(18,200)	(19,777)
Cash flows from financing activities			
Interest received		7,163	221
Interest paid	9	(41,324)	(23,629)
Dividends paid		-	(43,846)
Decrease in borrowings		-	(408,462)
Increase in borrowings		-	465,000
Repayment of shareholder loans		-	(11,903)
Loan finance fees paid		-	(9,254)
Purchase of interest rate cap		-	(1,867)
Net cash flows from financing activities		(34,161)	(33,740)
Net increase in cash and cash equivalents		12,912	6,476
Cash and cash equivalents at 1 January		35,555	29,079
Cash and cash equivalents at 31 December		48,467	35,555

The notes on pages 38 to 57 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

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 United Kingdom and Republic of Ireland and the Companies Act 2006'.

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.

Basis of consolidation
The consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December 2023. 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)

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 December 2023 by Savills Chartered Surveyors. 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.

Deferred tax asset
Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the Directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. In calculating this, the Group assesses the expected use of those assets against its five year forecast taxable profits.

The following principal accounting policies have been applied:

Going concern
The Directors have adopted the going concern basis in preparing these financials statements after assessing the financial forecasts of the Company and the wider Group for the period to 30 June 2025 (the going concern review period) whilst considering a range of sensitivities for plausible downside scenarios.

Following the Group’s refinancing in 2022, the Group is required to meet a number of loan arrangements and a loan to value (LTV) ratio covenant to avoid breaching the terms of its facility agreement. The financial covenant requires that at each quarter end the Group’s LTV ratio does not exceed a pre-determined threshold. This covenant test has been considered as part of the Group’s going concern assessment, the property market environment impacting such values and current headroom, as well as ongoing compliance with the wider loan arrangements.

The Group’s current facility of £465m is due to expire within the Going Concern Review Period in March 2025, however under the facility agreement the Group has the option to extend the termination date to March 2026, and then again further to March 2027. There are set criteria under the facility agreement that the Group must meet which will result in the grant of the term extension. At December 2023, the Group has met these conditions and Management expect to still be eligible for the extension at March 2025 based on their forecasts and downside analysis considered below.

Management have prepared a base case forecast, for the going concern assessment period, considering the current market environment and expectations over that period. Key assumptions are: no significant restriction on trade are experienced; revenue per available room will be 103.6% of 2023 levels in 2024, further increasing to 109.6% of 2023 levels in 2025; and average leisure memberships for the year will be 111.8% of 2023, increasing to 117.1% of 2023 levels in 2025.

2 Accounting policies (continued)

Management recognise the challenges in the market and economic uncertainty and have therefore performed sensitivity analysis with severe but plausible downside analysis including:

• Food and beverage cost of sales increase by 10%

• Utilities increase by 25%

• Departmental payroll increases by 10%

• Rooms occupancy falls by 15%

• Health & Fitness joiners fall by 10%

• Meetings & Events revenues fall by 10%

In both the base case and severe but plausible downside scenarios the conditions of the loan arrangements and to enable the extension of the loan, if required, are met. Further, whilst Management have performed this analysis they believe that the base case scenario is achievable and if any downside factors were to arise then they could take mitigating action such as passing on increased costs and/or reducing any discretionary spend. Further the current loan to value (LTV) ratio is 64% as at 31 December 2023, being the last quarter date, against a covenant requirement of a maximum ratio of 85%. Given the headroom on the covenant and that in both the base case forecasts and the severe but plausible downside scenarios the LTV ratio is met, the Directors do not anticipate breaching the covenant in the going concern review period.

However, whilst these considerations do not indicate a material uncertainty in respect of going concern, the Board have instigated a Group sale process that is progressing. Whilst there can be no certainty as to the outcome of the process, the Directors currently consider it likely that a sale will arise in the going concern assessment period, and because not all future events, conditions or plans for the business under new ownership can be predicted, the existing Directors cannot fully assess whether the going concern basis of accounting will remain appropriate for the Group after a potential sale has completed. Accordingly, this indicates the existence of a material uncertainty which may cast significant doubt over the Group and Company's ability to continue as a going concern.

Given the sale process has not concluded and the fact that existing trading and funding does not indicate a going concern issue, in addition that the Directors have no reason to believe that any potential buyer would not have a funding plan in place and operate the Group as a going concern, the financial statements have been prepared on a going concern basis and therefore do not contain adjustments that would arise should an alternative basis of preparation be adopted.

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.

Upcoming standards
On the 27 March 2024, the FRC published Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland - Periodic Review 2024 , following the second periodic review of FRS 102. These accounts are prepared without the forthcoming changes to FRS102 and we will consider the impact of these changes on the accounts for the year ended 31 December 2024.

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

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.

2 Accounting policies (continued)

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

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.

2 Accounting policies (continued)

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.

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

Trade 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.

Trade 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.

Impairment
Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. At reporting date the trade debtors are assessed for objective evidence of impairment, if such evidence is identified, an impairment loss is recognised in the profit and loss account.

2 Accounting policies (continued)

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.

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. In calculating this, the Business assesses the expected use of those assets against its five year forecast 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
The Group's profit and loss statement separately identifies exceptional items. Such items are those that, in the Directors' judgement, are one-off in nature and need to be disclosed separately by virtue of their size or incidence and may include, but are not limited to, restructuring costs, acquisition/transformation related costs, impairment/reversal of impairment of assets are considered exceptional due to size, one off projects undertaken by the Group, including work undertaken around a potential sale of the Group. In determining whether an item should be disclosed as an exceptional item, the Directors consider quantitative as well as qualitative factors such as the frequency, predictability of occurrence and significance. This is consistent with the way financial performance is measured by management. Disclosing exceptional items separately provides additional understanding of the performance of the Group.

2 Accounting policies (continued)

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.

Dividends
Dividends on equity shares are recognised as a deduction of equity when a liability to pay the dividend arises. Consequently, interim dividends are recognised when paid and final dividend when approved in general meeting.

3 Turnover

The analysis of the Group's turnover for the year from continuing operations is as follows:

	2023 £ 000	2022 £ 000
Sale of goods	78,922	67,619
Services rendered	181,938	160,031
	260,860	227,650

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

4 Other operating income

The analysis of the Group's other operating income for the year is as follows:

	2023 £ 000	2022 £ 000
Hotel management services	53	315

5 Operating profit

Arrived at after charging/(crediting)

	Note	2023 £ 000	2022 £ 000
Depreciation of tangible fixed assets	11	17,410	16,921
Reversal of prior impairment loss on fixed assets	7	(5,943)	(4,276)
Auditors' remuneration		255	223
Operating lease expense - plant and machinery		237	305
Operating lease expense - other operating leases		5,678	5,648
(Profit)/loss on disposal of fixed assets		(176)	695

The auditors' fee of £255,000 (2022: £223,000) which included £2,000 (2022: £2,000) in respect of the Company, 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.

6 Staff costs

The aggregate payroll costs (including Directors' remuneration) were as follows:

	2023 £ 000	2022 £ 000
Wages and salaries	70,655	63,102
Social security costs	5,358	4,607
Pension costs, defined contribution scheme	1,369	1,141
	77,382	68,850

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:

	2023 No.	2022 No.
Hotel based employees	4,572	4,136
Support centre employees	201	184
Executive team	21	20
	4,794	4,340

6 Staff costs (continued)

The Executive team received total remuneration from the Group of £2,471,000 in the year.

In both the current year and the prior year the directors' emoluments were borne by VUR Investment (UK) Limited. The remuneration of the highest paid director was £1,154,000 (2022: £974,000).

Directors' remuneration in respect of services provided to the Group were borne by VUR Investment (UK) Limited in both the periods ended 31 December 2023 and 31 December 2022. The Directors of the Company are not remunerated for their services as Directors of the Company.

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 £244,000 (2022: £219,000).

The Company has no staff costs for the year ended 31 December 2023 nor for the year ended 31 December 2022.

7 Exceptional items

	2023 £ 000	2022 £ 000
Reversal of prior impairment loss on fixed assets	5,943	4,276
Non UK trademarks	(142)	(121)
Group reorganisation costs	(134)	-
Project fees	(1,759)	-
	3,908	4,155

Due to the size of the revaluation of tangible fixed assets, the Group includes profit and loss movements within exceptional costs. The Group incurred costs at the end of 2022 to perform a review of the trademarks that were held outside of the UK, the costs in relation to this spread to the beginning of 2023. In addition, during the year, the Group incurred costs in relation to the potential sale of the Group.

In December 2023, the Group undertook a group reorganisation to consolidate intercompany balances across the Group.

8 Interest receivable

	2023 £ 000	2022 £ 000
Bank interest received	-	13

9 Interest payable and similar expenses

	2023 £ 000	2022 £ 000
Interest on bank overdrafts and borrowings	37,767	29,528
Purchase of interest rate cap	-	2,483
Net changes in fair value of interest rate cap	4,795	(8,201)
	42,562	23,810

Village has purchased interest rate caps to reduce its exposure to interest rate fluctuations. The fair value loss on that asset is represented above.

10 Taxation

(a) Tax on profit

The tax (credit) is made up as follows:

	2023 £ 000	2022 £ 000
Current taxation		
UK corporation tax at 23.5% (2022: 19%)	-	-
UK corporation tax adjustment to prior periods	25	(313)
Total current taxation	25	(313)
Deferred taxation		
Origination and reversal of timing differences	(8,063)	(3,538)
Adjustments in respect of prior periods	4,622	(162)
Total deferred taxation	(3,441)	(3,700)
Total tax (credit)	(3,416)	(4,013)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2022 - lower than the standard rate of corporation tax in the UK) of 23.5% (2022 : 19%).

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

The tax charge is made up as follows:

	2023 £ 000	2022 £ 000
Deferred taxation		
Deferred tax charge on revalution gain charged to the revaluation reserve	9,919	3,566
Total tax charge	9,919	3,566

10 Taxation (continued)

(c) Factors affecting the total tax charge:

	2023 £ 000	2022 £ 000
Profit before tax	10,793	17,785
Corporation tax at standard rate of 23.5% (2022: 19%)	2,536	3,379
Non-tax deductible expenses	293	-
Tax impact of hedging transactions	819	-
Depreciation on non-tax qualifying land and buildings	4,227	-
Revaluation of land and buildings	(3,115)	-
Effect of change in tax rate on deferred tax	304	-
Movement on tax losses and fixed asset timing differences	(13,127)	-
Adjustment to prior year tax charge - corporation tax	25	(313)
Adjustment to prior year tax charge - deferred tax	4,622	(162)
Movements in deferred tax assets not previously recognised	-	(6,917)
Total tax (credit)	(3,416)	(4,013)

(d) Deferred tax

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

Included in non-current assets:

	2023 £ 000	2022 £ 000
Accelerated capital allowances	30,148	(1,571)
Tax losses carried forward	(30,148)	(4,907)
Provision for deferred tax	-	(6,478)

	2023 £ 000	2022 £ 000
Asset at 1 January 2023	(6,478)	(6,343)
Deferred tax charge/(credit) in Group profit and loss account	(3,441)	(3,701)
Amount (credited)/charged to the revaluation reserve	9,919	3,566
Asset at 31 December 2023	-	(6,478)

A deferred tax asset of £33,602,000 (2022: £43,480,000) calculated at a rate of 25% (2022: 25%) has not been recognised as it relates to losses which may not be used to offset taxable profits arising in the group.

During the year, the Group undertook a detailed review of the deferred tax position on a hotel by hotel basis which has led to a net charge on the deferred tax asset position of £6,478,000 leaving a net deferred tax asset of £nil (2022: £6,478,000). A credit of £3,441,000 has been recognised in the profit and loss statement with a charge of £9,919,000 recognised in the revaluation reserve through the other comprehensive income statement.

11 Tangible assets

Group

	Leasehold properties £ 000	Plant and machinery £ 000	Total £ 000
Cost or valuation			
At 1 January 2023	732,269	108,704	840,973
Revaluations	46,258	-	46,258
Additions	7,287	9,271	16,558
Disposals	(300)	-	(300)
At 31 December 2023	785,514	117,975	903,489
Depreciation			
At 1 January 2023	74,159	62,764	136,923
Charge for the year	12,666	4,700	17,366
At 31 December 2023	86,825	67,464	154,289
Carrying amount			
At 31 December 2023	698,689	50,511	749,200
At 31 December 2022	658,110	45,940	704,050

The cumulative revaluation gain of £76,556,000 below shows the net movement in relation to the valuations from 2015 to 2023.

The Company's tangible fixed assets were valued at 31 December 2023 on a fair value basis (as defined in accordance with FRS102) by the Directors based on a valuation performed in December 2023 by Savills Chartered Surveyors. The valuation used an Income Approach using the Discounted Cashflow method and assumed that the highest and best use of the assets is as trading hotels.

As the result of the valuation a reversal of prior impairment loss on fixed assets of £5,943,000 (2022: £4,276,000) has been recognised during the year in the profit and loss account statement with a revaluation gain of £40,315,000 (2022: £14,263,000) recognised in the revaluation reserve.

Cost or valuation at 31 December 2023 is represented by:

	Land and buildings £ 000	Plant and machinery £ 000	Total £ 000
Cost	708,958	117,975	826,933
Cumulative revaluation	76,556	-	76,556
	785,514	117,975	903,489

12 Investments

Company

	2023 £ 000	2022 £ 000
Investments in subsidiaries	200,701	200,701

Subsidiaries	**£ 000**
Cost or valuation	
At 1 January 2023	200,701
Carrying amount	
At 31 December 2023	200,701
At 31 December 2022	200,701

Details of undertakings

The following were subsidiary undertakings of the company:

Undertaking	Principal activity	Holding	Proportion of voting rights and shares held 2023	2022
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%

12 Investments (continued)

Undertaking	Principal activity	Holding	Proportion of voting rights and shares held	
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%

The Company holds 100% of VUR Mezzanine I (UK) Limited directly, all other subsidiary holdings are indirect. All subsidiary undertakings (apart from Tabamara Limited) 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.

During the year, the Group applied for voluntary strike off of three indirect holdings:
VUR Village Trading No 2 Limited, VUR St Davids Hotel Limited and VUR Swindon Limited.

All 3 companies were dissolved on 2 April 2024. In addition, in December 2023 the Group appointed a liquidator in relation to Tabamara Limited, which was successfully liquidated on 2 February 2024.

13 Stocks

	Group		Company	
	2023	**2022**	**2023**	**2022**
	£ 000	**£ 000**	**£ 000**	**£ 000**
Food and wet stock	709	745	-	-
Shop	142	129	-	-
	851	874	-	-

The value of stock expensed during the year was £20,263,000 (2022: £17,838,000).

14 Debtors

		Group		Company	
		2023	**2022**	**2023**	**2022**
	Note	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Trade debtors		5,528	3,689	-	-
Amounts owed by related parties	22	-	45	-	12
Other debtors		8,966	8,839	-	-
Prepayments and accrued income		8,578	7,813	-	-
Interest rate hedges	10	3,405	8,201	-	-
		26,477	28,587	-	12

The interest rate hedges relate to the interest rate hedge instrument.

15 Creditors

		Group		Company	
		2023	**2022**	**2023**	**2022**
	Note	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Due within one year					
Trade creditors		6,080	4,198	-	-
Amounts owed to group undertakings		-	-	93	61
Other taxation and social security		7,667	7,567	-	1
Other creditors		5,455	3,719	-	-
Accruals and deferred income		26,200	27,648	279	279
		45,402	43,132	372	341
Due after one year					
Loans and borrowings	16	461,823	459,247	-	-

16 Loans and borrowings

	Group 2023 £ 000	Group 2022 £ 000	Company 2023 £ 000	Company 2022 £ 000
Non-current loans and borrowings				
Bank loans wholly repayable < 5 years	465,000	465,000	-	-
Debt issue costs	(3,177)	(5,753)	-	-
	461,823	459,247	-	-

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

Interest has been charged at an average rate over the period of 11.0% (2022: 6.4%).

17 Share capital

Allotted, called up and fully paid shares

	2023 No. 000	2023 £ 000	2022 No. 000	2022 £ 000
Ordinary shares of £0.10 each	217,217	21,722	217,217	21,722

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.

18 Reserves

Group

The changes to each component of equity resulting from items of other comprehensive income for the year ended 31 December 2023 were as follows:

	Revaluation reserve £ 000	Total £ 000
Surplus on revaluation of other assets	40,315	40,315
Deferred tax movement through Other Comprehensive Income	(9,919)	(9,919)
	30,396	30,396

The changes to each component of equity resulting from items of other comprehensive income for the year ended 31 December 2022 were as follows:

	Revaluation reserve £ 000	Total £ 000
Surplus on revaluation of other assets	10,697	10,697

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.

19 Commitments and contingent liabilities

Under the terms of the loan facility agreement dated 18 March 2022 between VUR Investment (UK) Limited and Village Finco 2022, LLC and Euro Ruby Private Limited 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 £465,000,000 (2022: £465,000,000).

20 Obligations under leases and hire purchase contracts

Group

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

	2023 £ 000	2022 £ 000
Not later than one year	5,694	5,665
Later than one year and not later than five years	22,665	22,585
Later than five years	167,992	170,526
	196,351	198,776

The Group made operating lease payments of £5,694,000 (2022: £5,902,000).

21 Dividends

	2023 £ 000	2022 £ 000
Dividend of £nil (2022 - £2.02) per ordinary share	-	43,846

22 Related party transactions

Group
During the year, the Group accrued for 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 investment funds that own and operate the Village Group. At year end the value of that accrual was £300,000 (2022: £300,000).

During the year, the Group earned a hotel management operations fee of £52,500 (2022: £394,000). Management fees were charged to Cameron House Resort (Loch Lomond) Limited.

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 £2,471,000 (2022: £2,820,000)

23 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 2023 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 (Alternative), LP, a Limited Partnership registered in the Cayman Islands.

24 Post balance sheet events

On 2 April 2024, the Group's voluntary application to strike-off of VUR Swindon Limited, VUR St Davids Hotel Limited and VUR Village Trading No 2 Limited was successful and the entities were dissolved. In addition, on 2 February 2024, Tabamara Limited was liquidated.