

**GLOBALGRANGE LIMITED**  
**GROUP STRATEGIC REPORT, DIRECTORS' REPORT AND**  
**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

MONDAY



LD4 \*L7LGLXE0\* 24/12/2018 #162  
COMPANIES HOUSE

**GLOBALGRANGE LIMITED**

**CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Group Strategic Report</b>	<b>2 to 3</b>
<b>Group Directors' Report</b>	<b>4 to 5</b>
<b>Independent Auditor's Report</b>	<b>6 to 7</b>
<b>Consolidated Income Statement</b>	<b>8</b>
<b>Consolidated Other Comprehensive Income</b>	<b>9</b>
<b>Consolidated Balance Sheet</b>	<b>10</b>
<b>Company Balance Sheet</b>	<b>11</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>12</b>
<b>Company Statement of Changes in Equity</b>	<b>13</b>
<b>Consolidated Cash Flow Statement</b>	<b>14</b>
<b>Notes to the Consolidated Cash Flow Statement</b>	<b>15</b>
<b>Notes to the Consolidated Financial Statements</b>	<b>16 to 31</b>

**GLOBALGRANGE LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 MARCH 2018**

<b>Directors:</b>	Mr R S Matharu Mr H S Matharu Mr T S Matharu
<b>Secretary:</b>	Mr H S Matharu
<b>Registered office:</b>	58 Rochester Row London SW1P 1JU
<b>Registered number:</b>	01503192 (England and Wales)
<b>Auditor:</b>	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB
<b>Bankers:</b>	Barclays Bank Plc Business Services Level 27 1 Churchill Place Canary Wharf London E14 5HP
<b>Solicitors:</b>	Howard Kennedy LLP 1 London Bridge London SE1 9BG

## GLOBALGRANGE LIMITED

### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors present their strategic report of Globalgrange Limited ('the Company') and its subsidiaries ('the Group') for the year ended 31 March 2018.

#### Review of business

The Group's trading and operating profit remains acceptable and the directors are satisfied with the performance of the Group during the year, given some challenging market conditions. The Group's Balance Sheet as detailed on page 10 shows a satisfactory position, with shareholders' funds amounting to £921.190 million (2017 - £905.769 million).

The year under review started strongly, with an increase in visitors for the World Athletics Championships, which took place in London in the Summer of 2017. This was mitigated somewhat by the London terrorist incidents which put off some international visitors. International visitor numbers to the UK, which were previously at record levels, began to fall into early 2018 due to the effects of the so called 'Brexit Bounce', where the currency exchange benefits to overseas visitors caused by Brexit wore off returning to the same levels seen in 2016.

The Group continued to face further competition in the market, with a new build hotel room supply in London of 4.6% for the 2017 year (net 3.5%) similar to the previous year.

When considering revenue per available room (Revpar), 2017 was a good year for London overall, with a rise of 4.6%. However, much of this rise was from increased tourist demand, whereas the Group's focus was more on the corporate market, and this only saw an increase of 0.1%. Uncertainties around Brexit continued to subdue the growth in this sector of the market. Overall, the Group was able to hold its revenue steady, with a 0.2% increase over the prior year.

The Group has seen its costs increase this year, which can be attributed to costs planning an internal restructuring for the Group, significant increases in rates following rating revaluations on its properties in 2017, and an increase in commissions paid to agents following some increases in tourist visitors and events.

The overall bedstock and conference space for the Group remained the same year on year with routine cyclical upgrades of both property and technology carried out to maintain them to a high standard. The principal focus in the year for the Group's capital expenditure was the continued construction of an aparthotel complex at Minories opposite the Tower of London.

The Group has conducted a strategic review of the business that has resulted in a major reorganisation of the Group. More details are given the "Events since the end of the year" in the Directors' Report.

#### Results

The consolidated income statement for the year is set out on page 8.

The Group turnover for the year under review was £133.192 million (2017 - £132.891 million) and the operating profit was £34.333 million (2017 - £40.732 million). The main contributing factor to the fall in operating profit is the increase in administrative expenses, as discussed above.

#### Key performance indicators ("KPIs")

Whilst the Group does not place significant value or weight on the KPIs used widely throughout the Hotel Operating and Leisure Industry, it does monitor the Group performance against some published data on some KPIs to indicate its relative performance against its competitors. In addition such data is used in the management of costs and working capital to improve operating profit. The major KPIs which it uses for these purposes are:

- Occupancy rate - rooms occupied by hotel guests, expressed as a percentage of rooms that are available.
- Average room rate - room revenue divided by the number of room nights sold.
- Revpar - This is the revenue per available room whereby total income received during a period is expressed as a multiple of rooms available to be sold during the same period.

The directors have due regard to these ratios and figures for each and every unit traded by the Group and aim to improve them on a continuing basis.

Turnover has increased by 0.2% (2017: increased by 2%). Occupancy rates have decreased by 0.3% (2017: increased by 1%) and average room rates have decreased by 0.6% (2017: increased by 2%).

#### Principal risks and uncertainties

The key risks affecting the business are:-

##### Price risk

This relates to the risk of the Group failing to achieve the book value of the hotel assets sold after date as part of the group reorganisation. The Group uses appropriately qualified surveyors to value the hotel assets for these financial statements and mitigate the risk of losses being incurred on the sale of such assets.

##### Liquidity risk

See the going concern accounting policy disclosed on page 17.

##### Recovery of central overheads following group reorganisation

Following the group reorganisation, hotel management agreements have been put in place, and under these agreements the central overheads of Globalgrange Limited will be recharged to the newly incorporated related party companies.

GLOBALGRANGE LIMITED

GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018

Principal risks and uncertainties - continued


The Group is exposed to a variety of risks associated with its ability to borrow, the interest rates of such borrowing and ability to satisfy debt and financial covenants

The Group is reliant on having access to borrowing facilities to meet its expected capital and development requirements and to maintain an efficient statement of financial position. Availability and cost of funds for current and future financing is dependent on market conditions and liquidity in the capital markets.

Financial Instruments

The overdraft and loan facilities provided to the Group are secured by a legal charge over all the properties and by a debenture over all the assets of the Group. These facilities are reviewed annually alongside the business plans and budgets for the forthcoming year.

On behalf of the board:

  
Mr R S Matharu - Director

Date: 21 December 2018

## GLOBALGRANGE LIMITED

### GROUP DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report with the financial statements of the Company and the Group for the year ended 31 March 2018.

#### Principal activity

The principal activity of the Company and Group was that of trading as hoteliers and property investors, developers and contractors.

#### Dividends

A dividend of £100 per share (2017- £100 per share), amounting to £15,000,000 was paid during the year. The profit for the year is to be transferred to reserves.

#### Future developments and events since the end of the year

Following a strategic review of the business, the Group has undertaken a major reorganisation to add flexibility for the shareholders and establish a more appropriate platform for future trading, and as part of this a new ultimate parent company, New Grange Holdings 1 Limited, was interposed between Globalgrange Limited and its shareholders in January 2018. New Grange Holdings 1 Limited held the entire share capital of Globalgrange Limited and, a newly incorporated company, Globalgrange Hotels Limited.

In May 2018, the trade and assets of each individual hotel were transferred from the Globalgrange Limited sub-group into separate companies which were established as indirect subsidiaries of Globalgrange Hotels Limited. The bank loans were novated to the new companies. On transfer of the assets, each of the hotel operating companies entered into a hotel management agreement with Globalgrange Limited to manage the businesses of the hotels on their behalf as their agent. The agreement covered central functions such as central office staff (finance, management, HR etc.), IT systems and Intellectual Property.

Subsequently, New Grange Holdings 1 Limited was placed into members' voluntary liquidation and in accordance with a restructuring agreement under s110 of the Insolvency Act 1986, the liquidator distributed Globalgrange Limited to a newly incorporated company, New Grange Holdings 3 Limited, and Globalgrange Hotels Limited to another newly incorporated company, New Grange Holdings 2 Limited. This created two separate corporate groups with the same ultimate shareholders.

Both 2018 and 2019 are set to be challenging years for London Hoteliers with revenue growth very subdued. London remains the most exciting City in the world and international visitor numbers still seem set to grow in the future. Once Brexit uncertainties are resolved London's economic growth as one of the world's leading financial centres should improve. The fundamentals supporting demand for the Group's business going forward remain positive.

#### Directors

The directors shown below have held office during the whole of the period from 1 April 2017 to the date of this report.

Mr R S Matharu  
Mr H S Matharu  
Mr T S Matharu

#### Fixed assets

The significant changes in fixed assets during the year are explained in notes 14 to 16 to the financial statements.

In the opinion of the directors the market value of the Group's completed properties as at 31 March 2018 is not significantly different to that stated in the financial statements.

#### Employee involvement

Employees of the Group are regularly consulted by the management and kept informed of matters affecting them and the overall development of the Group.

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. The directors endeavour to ensure that as far as possible the training, career development and promotion of disabled persons is the same as for other employees. Should employees become disabled, every effort is made to ensure that their employment continues and appropriate retraining is received.

The Group recognises the high standards required to ensure the health, safety and welfare of employees, its customers and the general public. These policies are regularly reviewed with the objective of ensuring that standards are maintained.

#### Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

**GLOBALGRANGE LIMITED**

**GROUP DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

**Statement of directors' responsibilities - continued**

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Statement as to disclosure of information to auditors**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware. Additionally the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditor**

RSM UK Audit LLP has indicated its willingness to continue in office and a resolution that they be reappointed will be proposed at the annual general meeting.

**On behalf of the board:**

  
Mr R S Matharu - Director

Date: 21 December 2018

## **GLOBALGRANGE LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBALGRANGE LIMITED**

#### **Opinion**

We have audited the financial statements of Globalgrange Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2018 which comprise the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including United Kingdom Generally Accepted Accounting Practice.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Group and the parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, 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; and
- 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 4, 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.



**GLOBALGRANGE LIMITED**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)  
TO THE MEMBERS OF GLOBALGRANGE LIMITED**

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*RSM UK Audit LLP*

Euan Banks (Senior Statutory Auditor)  
for and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

Date: 21/12/2018

**GLOBALGRANGE LIMITED**

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2018 £'000	2017 £'000
<b>Turnover</b>	3	133,192	132,891
Cost of sales		<u>(67,170)</u>	<u>(66,946)</u>
<b>Gross profit</b>		66,022	65,945
Administrative expenses		<u>(33,672)</u>	<u>(25,672)</u>
		32,350	40,273
Other operating income	6	<u>1,983</u>	<u>459</u>
<b>Group operating profit</b>	7	34,333	40,732
Share of operating profit in joint venture	16	291	27
Gains on swap instruments	8	<u>4,693</u>	<u>909</u>
		39,317	41,668
Interest receivable and similar income	9	<u>100</u>	<u>158</u>
		39,417	41,826
Interest payable and similar charges	10	<u>(8,827)</u>	<u>(8,770)</u>
<b>Profit before taxation</b>		30,590	33,056
Tax on profit	11	<u>(7,899)</u>	<u>(7,175)</u>
<b>Profit for the financial year</b>		<u>22,691</u>	<u>25,881</u>
Profit attributable to: Owners of the parent		<u>22,691</u>	<u>25,881</u>

**GLOBALGRANGE LIMITED**

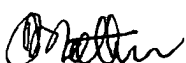
**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2018**

	2018 £'000	2017 £'000
<b>Profit for the year</b>	22,691	25,881
<b>Other comprehensive income</b>		
Revaluation of tangible fixed assets	7,364	213,775
Movement on deferred tax relating to <i>revaluation of tangible fixed assets</i>	366	(28,875)
	<hr/>	<hr/>
<b>Other comprehensive income for the year, net of tax</b>	<u>7,730</u>	<u>184,900</u>
<b>Total comprehensive income for the year</b>	<u><u>30,421</u></u>	<u><u>210,781</u></u>
 Total comprehensive income attributable to: Owners of the parent	 <u><u>30,421</u></u>	 <u><u>210,781</u></u>

**CONSOLIDATED BALANCE SHEET**  
**31 MARCH 2018**

	Notes	2018 £'000	2018 £'000	2017 £'000	2017 £'000
<b>Fixed assets</b>					
Intangible assets	14		261		323
Tangible assets	15		1,256,242		1,245,086
Investments	16				
Interest in joint venture					
Share of gross assets		3,322		3,576	
Share of gross liabilities		(2,993)		(3,478)	
			329		98
Other investments			10		10
			<u>1,256,842</u>		<u>1,245,517</u>
<b>Current assets</b>					
Stocks	17		693		549
Debtors	18		13,558		12,545
Cash at bank and in hand			<u>45,458</u>		<u>60,863</u>
			59,709		73,957
<b>Creditors</b>					
Amounts falling due within one year	19		<u>(91,589)</u>		<u>(36,552)</u>
<b>Net current (liabilities)/assets</b>			<u>(31,880)</u>		<u>37,405</u>
<b>Total assets less current liabilities</b>			1,224,962		1,282,922
<b>Creditors</b>					
Amounts falling due after more than one year	20		(154,438)		(230,300)
<b>Provisions for liabilities</b>	23		<u>(149,334)</u>		<u>(146,853)</u>
<b>Net assets</b>			<u>921,190</u>		<u>905,769</u>
<b>Capital and reserves</b>					
Called up share capital	24		150		150
Revaluation reserve	25		745,577		743,858
Other reserves	25		9,699		9,649
Retained earnings	25		<u>165,764</u>		<u>152,112</u>
<b>Total equity</b>			<u>921,190</u>		<u>905,769</u>

The financial statements were approved by the Board of Directors and authorised for issue on 21 December 2018 and were signed on its behalf by:

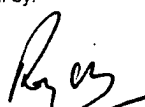
  
 Mr H S Matharu - Director

COMPANY BALANCE SHEET  
31 MARCH 2018

	Notes	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Intangible assets	14	-	4
Tangible assets	15	635,905	641,789
Investments	16	<u>11</u>	<u>11</u>
		<b>635,916</b>	<b>641,804</b>
 <b>Current assets</b>			
Stocks	17	488	354
Debtors	18	232,113	222,966
Cash at bank and in hand		<u>35,608</u>	<u>52,302</u>
		268,209	275,622
<b>Creditors</b>			
Amounts falling due within one year	19	<u>(21,790)</u>	<u>(23,389)</u>
<b>Net current assets</b>		<b>246,419</b>	<b>252,233</b>
<b>Total assets less current liabilities</b>		<b>882,335</b>	<b>894,037</b>
 <b>Creditors</b>			
Amounts falling due after more than one year	20	(154,438)	(164,774)
<b>Provisions for liabilities</b>	23	<u>(82,553)</u>	<u>(80,779)</u>
<b>Net assets</b>		<b><u>645,344</u></b>	<b><u>648,484</u></b>
 <b>Capital and reserves</b>			
Called up share capital	24	150	150
Revaluation reserve	25	402,090	404,575
Other reserves	25	9,699	9,649
Retained earnings	25	<u>233,405</u>	<u>234,110</u>
<b>Total equity</b>		<b><u>645,344</u></b>	<b><u>648,484</u></b>

The Company's profit for the year and total comprehensive income for the year were £10.8 million (2017 - £11.9 million) and £11.9 million (2017 - £104.1 million) respectively.

The financial statements were approved by the Board of Directors and authorised for issue on 21 December 2018 and were signed on its behalf by:

  
Mr R S Matharu - Director

## GLOBALGRANGE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital £'000	Retained earnings £'000	Land and buildings revaluation reserve £'000	Investment properties revaluation reserve £'000	Total equity £'000
<b>Balance at 1 April 2016</b>	<u>150</u>	<u>137,356</u>	<u>562,933</u>	<u>9,549</u>	<u>709,988</u>
Profit for the year	-	25,881	-	-	25,881
Other comprehensive income:					
Revaluation of tangible fixed assets	-	-	213,775	-	213,775
Tax relating to items previously recognised in other comprehensive income	-	-	(28,975)	100	(28,875)
Total comprehensive income for the year	-	25,881	184,800	100	210,781
Dividends	-	(15,000)	-	-	(15,000)
Transfers	-	3,875	(3,875)	-	-
<b>Balance at 31 March 2017</b>	<u>150</u>	<u>152,112</u>	<u>743,858</u>	<u>9,649</u>	<u>905,769</u>
Profit for the year	-	22,691	-	-	22,691
Other comprehensive income:					
Revaluation of tangible fixed assets	-	-	7,364	-	7,364
Tax relating to items previously recognised in other comprehensive income	-	-	316	50	366
Total comprehensive income for the year	-	22,691	7,680	50	30,421
Dividends	-	(15,000)	-	-	(15,000)
Transfers	-	5,961	(5,961)	-	-
<b>Balance at 31 March 2018</b>	<u>150</u>	<u>165,764</u>	<u>745,577</u>	<u>9,699</u>	<u>921,190</u>

GLOBALGRANGE LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital £'000	Retained earnings £'000	Land and buildings revaluation reserve £'000	Investment properties revaluation reserve £'000	Total equity £'000
<b>Balance at 1 April 2016</b>	<u>150</u>	<u>235,046</u>	<u>314,639</u>	<u>9,549</u>	<u>559,384</u>
Profit for the year	-	11,900	-	-	11,900
Other comprehensive income:					
Revaluation of tangible fixed assets	-	-	106,825	-	106,825
Tax relating to items previously recognised in other comprehensive income	-	-	(14,725)	100	(14,625)
Total comprehensive income for the year	-	11,900	92,100	100	104,100
Dividends	-	(15,000)	-	-	(15,000)
Transfers	-	2,164	(2,164)	-	-
<b>Balance at 1 April 2017</b>	<u>150</u>	<u>234,110</u>	<u>404,575</u>	<u>9,649</u>	<u>648,484</u>
Profit for the year	-	10,759	-	-	10,759
Other comprehensive income:					
Revaluation of tangible fixed assets	-	-	-	-	-
Tax relating to items previously recognised in other comprehensive income	-	-	1,051	50	1,101
Total comprehensive income for the year	-	10,759	1,051	50	11,860
Dividends	-	(15,000)	-	-	(15,000)
Transfers	-	3,536	(3,536)	-	-
<b>Balance at 31 March 2018</b>	<u>150</u>	<u>233,405</u>	<u>402,090</u>	<u>9,699</u>	<u>645,344</u>

**GLOBALGRANGE LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2018 £'000	2017 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	48,152	49,310
Interest paid		(8,827)	(16,784)
Tax paid		<u>(8,275)</u>	<u>(7,250)</u>
Net cash from operating activities		<u>31,050</u>	<u>25,276</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(17,171)	(18,788)
Disposal of fixed assets investments		35	458
Interest received		<u>100</u>	<u>158</u>
Net cash used in investing activities		<u>(17,036)</u>	<u>(18,172)</u>
<b>Cash flows from financing activities</b>			
Bank loan repayments		(26,919)	(12,250)
Bank borrowings		14,500	28,000
Other loans		(2,000)	2,000
Equity dividends paid		<u>(15,000)</u>	<u>(15,000)</u>
Net cash (used in)/from financing activities		<u>(29,419)</u>	<u>2,750</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		<u>(15,405)</u>	<u>9,854</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>60,863</u>	<u>51,009</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>45,458</u></u>	<u><u>60,863</u></u>



**GLOBALGRANGE LIMITED**

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2018**

**1. Reconciliation of profit for the financial year to cash generated from operations**

	2018 £'000	2017 £'000
Profit for the financial year after taxation	22,691	25,881
Adjustments for:		
Depreciation charges and amortisation	13,441	11,568
Profit on disposal of fixed assets	(35)	(459)
Share of operating profit in joint venture	(291)	(27)
Movement in swap instruments	(4,693)	(909)
Interest payable	8,827	8,770
Interest receivable	(100)	(158)
Taxation	<u>7,899</u>	<u>7,175</u>
Operating cash flows before movement in working capital	47,739	51,841
(Increase)/decrease in stocks	(144)	122
Decrease/(increase) in trade and other debtors	20	(1,323)
Increase/(decrease) in trade and other creditors	<u>537</u>	<u>(1,330)</u>
<b>Cash generated from operations</b>	<b><u>48,152</u></b>	<b><u>49,310</u></b>

**2. Cash and cash equivalents**

The amounts disclosed on the Consolidated Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 March 2018**

	31/3/18 £'000	1/4/17 £'000
Cash and cash equivalents	<u>45,458</u>	<u>60,863</u>

**Year ended 31 March 2017**

	31/3/17 £'000	1/4/16 £'000
Cash and cash equivalents	<u>60,863</u>	<u>51,009</u>

## GLOBALGRANGE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

#### 1. Company information

Globalgrange Limited ("the Company") and its subsidiaries (together "the Group") operate hotels mainly in Central London.

The Company is a private company limited by shares and is incorporated in England. The registered office address is 58 Rochester Row, Victoria, London SW1P 1JU.

The Group's principal activities are recorded in the Directors' Report.

#### 2. Accounting policies

##### Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. The financial statements have been prepared under the historical cost convention as modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

##### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits) made up to 31 March 2018. The results of subsidiaries sold or acquired are included in the statement of comprehensive income up to, or from, the date control passes. Intra-group sales and profits are eliminated fully on consolidation. As permitted by Section 408 of the Companies Act 2006 the statement of comprehensive income for the Company has not been presented in the financial statements.

Subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passes. The excess of the cost of acquisition of shares in subsidiaries over the fair value of the separable net assets acquired is capitalised as goodwill and written off on a straight line basis over its estimated economic life. Provision is made for impairment, where appropriate.

##### Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Group holds a long term interest and where the Group has significant influence. The Group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the Group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

##### Reduced disclosures

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' - Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' - Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.

The financial statements of the Company are consolidated in the financial statements of Globalgrange Limited. The consolidated financial statements of Globalgrange Limited are available from its registered office, 58 Rochester Row, London SW1P 1JU.

2. Accounting policies - continued

**Significant judgements and estimates**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key accounting estimates and assumptions:

- The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities include:
  - Depreciation rates:
    - The directors set depreciation rates based upon their estimate of the useful lives of the assets.
  - Valuation of fixed assets:
    - The directors obtain professional valuations of the freehold land and buildings to inform them of the valuation of the Group's properties. At each year end, in the absence of a professional valuation, the directors use their experience and professional judgement to assess whether there has been a material change in the carrying value of the land and buildings. There is an element of judgement in this assessment of carrying value.
  - Provisioning against trade debtors.
    - Group reorganisation.
- See the directors consideration in the going concern accounting policy below.

**Going concern**

The Group's business activities are summarised in the "Review of the business" and "Future Developments" on pages 2 and 4.

At the year end, the Group has net current liabilities of £31.880 million (2017: £37.405 million assets), but overall is in a strong position with total net assets of £921.190 million (2017: £905.769 million). As a result of the reorganisation of the Group (see note 29), the bank loans of the Group were novated and the assets were transferred to newly incorporated related party companies. The Group will continue to manage the hotels and will charge management fees for doing so to cover the Group's overheads. The directors have prepared cash flow projections that cover 12 months from the approval of these financial statements, and these consider the changes to the Group's structure as a result of the reorganisation. After considering the projections, the directors are of the opinion that the Group will continue to meet its liabilities as they fall due. Therefore, the directors consider it appropriate to draw up the accounts on a going concern basis.

**Turnover**

Turnover represents the amount derived from the provision of accommodation, conference facilities and meals and sale of property. Income is recognised on the date of occupation for accommodation and meals, and on the date of the event for conference facilities. Turnover excludes value added tax, and relates solely to the United Kingdom.

**Other income**

Interest income is accrued on a time - apportioned basis, by reference to the principal outstanding at the effective interest rate.

Rental income on assets leased under operating leases is recognised on a straight line basis over the lease term and is presented within other operating income.

**Goodwill**

Goodwill arising on consolidation, being the excess of the fair value of the consideration paid for a business over the fair value of its net tangible assets, and on acquisition is capitalised and amortised over its estimated economic life, being 25 years.

**Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Freehold and long leasehold properties	1% to 2% on a straight line basis
Short leasehold properties	over period of lease
Fixtures, fittings & equipment	4% to 20% on a straight line basis
Motor vehicles	25 % on a straight line basis

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Land and buildings are accounted for separately even when acquired together.

Properties in the course of construction are carried at cost, less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to its operating condition. Depreciation commences when the properties are ready for their intended use.

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity, such gains and losses are recognised in profit or loss.

The part of the annual depreciation charge on the revalued assets which relates to the revaluation surplus is transferred from the revaluation reserve to the profit and loss account reserve.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**2. Accounting policies - continued**

**Impairment of fixed assets**

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**Investment properties**

Investment properties (including properties held under an operating lease) are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in profit or loss.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS 102. The directors consider that, because investment properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view.

If this departure from the Companies Act 2006 had not been made in order to give a true and fair view, the profit for the financial year would have been reduced by depreciation. However the amount of depreciation cannot reasonably be quantified, because depreciation is only one of many factors reflected in the annual valuation and the amount relating to the depreciation of the property cannot be separately identified.

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost of goods for resale is computed on a first in first out basis. Cost of properties for redevelopment comprises the cost to the Group of acquiring properties, construction and other development costs. Net realisable value is based on estimated selling price less the estimated cost of disposal. Provision is made for obsolete and slow moving items.

**Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the Group to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies - continued

**Foreign currencies**

(i) Functional and presentational currency

The Group financial statements are presented in pound sterling.

The Company's functional and presentational currency is the pound sterling.

(ii) Transactions and balances

Transactions in currencies other than functional currency (foreign currencies) are initially recorded at the rate ruling at the date of the transaction or at the contracted rate. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to profit or loss.

**Leases and hire purchase contracts**

Where assets are financed by leasing arrangements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the income statement in proportion to the remaining balance outstanding. All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

**Pension costs**

Contributions are made for the majority of the staff to the workplace pension scheme established under the automatic enrolment legislation. All eligible staff are entitled to join the pension scheme. Contributions payable are charged to profit or loss in the year they are payable. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

**Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

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

**Financial instruments**

The Group makes use of interest rate swaps to hedge against changes in interest rates. The interest payable and receivable on the swaps is recognised within interest payable or receivable over the life of the swap or relevant interest period.

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**2. Accounting policies - continued**

**Financial instruments - continued**

**(ii) Financial liabilities**

Basic financial liabilities, including trade and other payables and bank loans, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables 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 payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

**Income from property sales**

Income from property sales is recognised on the date of exchange of contracts for sales, providing completion has taken place subsequently.

**3. Turnover**

The turnover for the year was derived from the Group's principal activity. The whole of the turnover is attributable to the United Kingdom market. The Group's hotel activity is the only business segment.

**4. Staff costs**

	<b>Group</b>		<b>Company</b>	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Wages and salaries	32,773	32,027	18,264	18,408
Social security costs	2,302	2,374	1,307	1,358
Other pension costs	170	209	92	115
	<u>35,245</u>	<u>34,610</u>	<u>19,663</u>	<u>19,881</u>

The average monthly number of persons (including directors) employed by the Group and Company during the year was:

	<b>Group</b>		<b>Company</b>	
	2018	2017	2018	2017
	No.	No.	No.	No.
Hotel operating and sales	1,388	1,439	775	842
Administration and management	148	158	82	97
	<u>1,536</u>	<u>1,597</u>	<u>857</u>	<u>939</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**5. Directors' emoluments (who are also the key management personnel) – Group and Company**

	2018 £'000	2017 £'000
Remuneration for qualifying services	<u>348</u>	<u>374</u>
Remuneration for key management personnel	<u>348</u>	<u>400</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2017 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	<u>132</u>	<u>165</u>
--------------------------------------	------------	------------

**Defined contribution pension scheme**

The Group operates a defined contribution scheme for all its directors. The assets of this scheme are invested and managed independently of the finances of the Group. The contributions payable amounted to £nil (2017 - £nil). At the reporting date there were no outstanding or prepaid contributions.

**6. Other operating income**

	2018 £'000	2017 £'000
Management charge receivable	1,355	-
Rent receivable	67	-
Other income	<u>561</u>	<u>459</u>
	<u>1,983</u>	<u>459</u>

**7. Operating profit**

	2018 £'000	2017 £'000
The operating profit is stated after charging/(crediting):		
Amortisation of intangible assets	62	64
Depreciation of tangible assets	13,379	11,504
Operating lease rentals	3,148	2,775
Cost of stock recognised as an expense	7,210	7,118
Auditor's remuneration:		
– Audit	91	105
parent company: RSM UK Audit LLP £57,625 (2017: £68,302)		
subsidiary companies: John Cumming Ross Ltd £33,010 (2017: £36,600)		
– Tax compliance services	4	-
RSM UK Audit LLP £4,350 (2017: £nil)		
– Other services (tax advisory services)	33	26
RSM UK Audit LLP £30,617 (2017: £24,860)		
John Cumming Ross Ltd £2,292 (2017: £959)		
Loss/(profit) on foreign exchange transactions	148	(206)
Profit on disposal of fixed assets	(35)	(458)
Rents receivable	<u>(21)</u>	<u>(315)</u>

**8. Gains on swap instruments**

	2018 £'000	2017 £'000
Fair value movements on interest rate swaps (note 22)	<u>4,693</u>	<u>909</u>

GLOBALGRANGE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018

9. Interest receivable and similar income

	2018 £'000	2017 £'000
Bank interest	96	158
Other interest	<u>4</u>	<u>-</u>
	<u>100</u>	<u>158</u>

10. Interest payable and similar charges

	2018 £'000	2017 £'000
On bank loans and overdrafts	5,818	5,504
On other loans	98	100
Other interest	<u>2,911</u>	<u>3,166</u>
	<u>8,827</u>	<u>8,770</u>

11. Taxation

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2018 £'000	2017 £'000
Current tax:		
UK corporation tax	5,007	6,148
Adjustment in respect of prior period tax	(15)	(36)
Share of joint venture tax	<u>60</u>	<u>5</u>
Total current tax	<u>5,052</u>	<u>6,117</u>
Deferred tax:		
Origination and reversal of timing differences	2,847	922
Impact of change in tax rates	<u>-</u>	<u>136</u>
Total deferred tax	<u>2,847</u>	<u>1,058</u>
Tax on profit	<u>7,899</u>	<u>7,175</u>

**Reconciliation of total tax charge included in profit or loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £'000	2017 £'000
Profit before tax	<u>30,590</u>	<u>33,056</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%)	5,812	6,611
Effects of:		
Expenses not deductible for tax purposes	853	1,164
Swap cost deductible when paid	(159)	-
Depreciation in excess of capital allowances	1,874	199
Income not taxable for tax purposes	-	(1,728)
Profit on disposal of fixed assets	(7)	(92)
Adjustments to tax charge in respect of previous periods	(15)	(36)
Other tax adjustments	(459)	(1)
Deferred tax	<u>-</u>	<u>1,058</u>
Total tax charge	<u>7,899</u>	<u>7,175</u>

The UK corporation tax rate was 19% in the year and will fall further to 17% with effect from 1 April 2020.



**GLOBALGRANGE LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018**

**11. Taxation - continued**

**Tax effects relating to effects of other comprehensive income**

	2018 £'000
Movement on deferred tax relating to revaluation of tangible fixed assets	366
Impact of change in tax rates	-
	<u>366</u>
	2017 £'000
Movement on deferred tax relating to revaluation of tangible fixed assets	(35,495)
Impact of change in tax rates	6,620
	<u>(28,875)</u>

**12. Dividends**

	2018 £'000	2017 £'000
Ordinary shares of £1 each		
Interim	<u>15,000</u>	<u>15,000</u>

**13. Distributions to equity holders**

Dividends and other distributions to the Group's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

**14. Intangible fixed assets**

**Group**

	Goodwill £'000	Patents and licences £'000	Totals £'000
<b>COST</b>			
At 1 April 2017			
and 31 March 2018	<u>1,484</u>	<u>30</u>	<u>1,514</u>
<b>AMORTISATION</b>			
At 1 April 2017	1,165	26	1,191
Amortisation for year	<u>58</u>	<u>4</u>	<u>62</u>
At 31 March 2018	<u>1,223</u>	<u>30</u>	<u>1,253</u>
<b>NET BOOK VALUE</b>			
At 31 March 2018	<u>261</u>	<u>-</u>	<u>261</u>
At 31 March 2017	<u>319</u>	<u>4</u>	<u>323</u>

The amortisation of intangible fixed assets is included within administrative expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018

## 14. Intangible fixed assets - continued

## Company

	Patents and licences £'000
<b>COST</b>	
At 1 April 2017 and 31 March 2018	30
<b>AMORTISATION</b>	
At 1 April 2017	26
Amortisation for year	4
At 31 March 2018	30
<b>NET BOOK VALUE</b>	
At 31 March 2018	-
At 31 March 2017	4

## 15. Tangible fixed assets

## Group

	Land and buildings £'000	Fixtures, fittings & equipment £'000	Motor vehicles £'000	Total £'000
<b>COST OR VALUATION</b>				
At 1 April 2017	1,271,528	119,334	347	1,391,209
Additions	8,778	8,332	61	17,171
Disposals	-	-	(129)	(129)
Revaluation	7,364	-	-	7,364
At 31 March 2018	<u>1,287,670</u>	<u>127,666</u>	<u>279</u>	<u>1,415,615</u>
<b>DEPRECIATION</b>				
At 1 April 2017	63,822	81,981	320	146,123
Charge for year	7,112	6,238	29	13,379
Eliminated on disposal	-	-	(129)	(129)
At 31 March 2018	<u>70,934</u>	<u>88,219</u>	<u>220</u>	<u>159,373</u>
<b>NET BOOK VALUE</b>				
At 31 March 2018	<u>1,216,736</u>	<u>39,447</u>	<u>59</u>	<u>1,256,242</u>
At 31 March 2017	<u>1,207,706</u>	<u>37,353</u>	<u>27</u>	<u>1,245,086</u>

The historical cost of land and buildings at 31 March 2018 is £333.03 million (2017 - £324.3 million).

Some of the Group hotel properties with a carrying value of £904 million were valued as at 31 March 2018 by CBRE, Chartered Surveyors, on an existing use basis, in accordance with the Guidance Notes of the Royal Institution of Chartered Surveyors. The valuers, CBRE, are not connected with the Group and the valuation was based on recent market transactions on an arms length basis for similar properties.

The remaining Group hotel properties were valued in March 2018 on an existing use basis by the directors. The directors took advice from hotel valuers authorised by the Royal Institution of Chartered Surveyors.

The investment properties are valued by the directors. The directors have considered the investment properties and in their opinion there is no material difference between the carrying values and the market value at 31 March 2018.

The Group has pledged land and buildings, having a net book value of £1,216,736 million to secure its bank loans (note 21) by way of a fixed charge.

**GLOBALGRANGE LIMITED**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018**
**15. Tangible fixed assets - continued**
**Company**

	Land and buildings £'000	Fixtures, fittings & equipment £'000	Motor vehicles £'000	Total £'000
<b>COST OR VALUATION</b>				
At 1 April 2017	660,059	59,389	347	719,795
Additions	56	553	61	670
Disposals	-	-	(129)	(129)
At 31 March 2018	<u>660,115</u>	<u>59,942</u>	<u>279</u>	<u>720,336</u>
<b>DEPRECIATION</b>				
At 1 April 2017	33,739	43,947	320	78,006
Charge for year	4,088	2,437	29	6,554
Eliminated on disposal	-	-	(129)	(129)
At 31 March 2018	<u>37,827</u>	<u>46,384</u>	<u>220</u>	<u>84,431</u>
<b>NET BOOK VALUE</b>				
At 31 March 2018	<u>622,288</u>	<u>13,558</u>	<u>59</u>	<u>635,905</u>
At 31 March 2017	<u>626,320</u>	<u>15,442</u>	<u>27</u>	<u>641,789</u>

The historical cost of land and buildings as at 31 March 2018 is £138.0 million (2017 - £137.9 million).

The analysis of net book value of land and buildings is as follows:

	<b>Group</b>		<b>Company</b>	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Freehold	1,101,236	1,090,667	563,173	566,121
Long leasehold	89,667	90,663	33,282	33,823
Short leasehold	3,883	4,450	3,883	4,450
Investment properties - freehold	<u>21,950</u>	<u>21,926</u>	<u>21,950</u>	<u>21,926</u>
	<u>1,216,736</u>	<u>1,207,706</u>	<u>622,288</u>	<u>626,320</u>

**16. Fixed asset investments**
**Group**

	Interest in joint venture £'000	Unlisted investments £'000	Totals £'000
<b>COST</b>			
At 1 April 2017	98	10	108
Share of profit	231	-	231
Disposal	-	-	-
At 31 March 2018	<u>329</u>	<u>10</u>	<u>339</u>
<b>NET BOOK VALUE</b>			
At 31 March 2018	<u>329</u>	<u>10</u>	<u>339</u>
At 31 March 2017	<u>98</u>	<u>10</u>	<u>108</u>

**GLOBALGRANGE LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018**

**16. Fixed asset investments - continued**

<b>Company</b>	<b>Shares in group undertakings £'000</b>	<b>Unlisted investments £'000</b>	<b>Totals £'000</b>
<b>COST</b>			
At 1 April 2017	1	10	11
Disposal	-	-	-
At 31 March 2018	<u>1</u>	<u>10</u>	<u>11</u>
<b>NET BOOK VALUE</b>			
At 31 March 2018	<u>1</u>	<u>10</u>	<u>11</u>
At 31 March 2017	<u>1</u>	<u>10</u>	<u>11</u>

The Group or the Company's investments at the reporting date in the share capital of companies include the following:

**Subsidiaries:**

**Sectormatch Limited**

Country of incorporation: England and Wales  
Nature of business: Hoteliers  
Registered office: 58 Rochester Row, London, SW1P 1JU

Class of shares:	%
Ordinary	holding 100.00

**Grange Bracknell Limited**

Country of incorporation: England and Wales  
Nature of business: Property contractors  
Registered office: 58 Rochester Row, London, SW1P 1JU

Class of shares:	%
Ordinary	holding 100.00

**Grange Contracts Limited**

Country of incorporation: England and Wales  
Nature of business: Property contractors  
Registered office: 58 Rochester Row, London, SW1P 1JU

Class of shares:	%
Ordinary	holding 100.00

**The City Hotel Management Limited**

Country of incorporation: England and Wales  
Nature of business: Hoteliers  
Registered office: 58 Rochester Row, London, SW1P 1JU

Class of shares:	%
Ordinary	holding 100.00

**Grange Hotels Limited**

Country of incorporation: England and Wales  
Nature of business: Hoteliers  
Registered office: 58 Rochester Row, London, SW1P 1JU

Class of shares:	%
Ordinary	holding 100.00

**Grange (Prescot Street) Limited\***

Country of incorporation: England and Wales  
Nature of business: Hoteliers  
Registered office: 58 Rochester Row, London, SW1P 1JU

Class of shares:	%
Ordinary	holding 100.00

\* Grange (Prescot Street) Limited is 100% owned by Sectormatch Limited.

**GLOBALGRANGE LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018**

**16. Fixed asset investments - continued**

**Boxmill Developments (Great Smith Street) Limited\***

Country of incorporation: England and Wales

Nature of business: Property contractors

Registered office: 58 Rochester Row, London, SW1P 1JU

Class of shares:	%
Ordinary	holding 100.00

\* Boxmill Developments (Great Smith Street) Limited is 100% owned by Grange Contracts Limited.

**4 Howley Place Limited**

Country of incorporation: England and Wales

Nature of business: Hoteliers

Registered office: 58 Rochester Row, London, SW1P 1JU

Class of shares:	%
Ordinary	holding 100.00

**The Holborn Hotel Limited**

Country of incorporation: England and Wales

Nature of business: Hoteliers

Registered office: 58 Rochester Row, London, SW1P 1JU

Class of shares:	%
Ordinary	holding 100.00

**Associate:**

**Sirgan Property RAK Limited**

Country of incorporation: England and Wales

Nature of business: Hoteliers

Registered office: The Old Grange, Warren Estate, Lordship Road Writtle, Chelmsford, CM1 3WT

Class of shares:	%
Ordinary	holding 45.00

This associate undertaking was dissolved on 19 December 2017.

**Joint venture:**

**Priestgate Estates Limited**

Country of incorporation: England and Wales

Nature of business: Property developers and investors

Class of shares:	%		
Ordinary	holding 50.00		
		31/3/18	31/3/17
		£'000	£'000
Aggregate capital and reserves		658	196
Profit for the period		<u>502</u>	<u>46</u>

On the basis of materiality, the directors consider it appropriate for the figures for 31 March 2018 to reflect the final accounts of the joint venture as at 30 April 2017. No further information for the period from 1 May 2017 to 31 March 2018 is available. The figures for the period ended 31 March 2017 were based on draft management accounts.

**GLOBALGRANGE LIMITED**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018**
**17. Stocks**

	<b>Group</b>		<b>Company</b>	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Goods for resale	<u>693</u>	<u>549</u>	<u>488</u>	<u>354</u>

Cost of stock recognised as an expense is included in cost of sales.

**18. Debtors: amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade debtors	8,541	6,028	6,271	4,209
Amounts owed by group undertakings	-	-	218,531	212,728
Amounts owed by participating interests	1,337	1,337	1,337	1,337
Other debtors	415	2,253	508	1,857
Corporation tax	1,033	-	4,035	996
Prepayments and accrued income	<u>2,232</u>	<u>2,927</u>	<u>1,431</u>	<u>1,839</u>
	<u>13,558</u>	<u>12,545</u>	<u>232,113</u>	<u>222,966</u>

**19. Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (see note 21)	71,000	12,250	7,250	7,250
Other loans	-	2,000	-	2,000
Trade creditors	6,693	5,453	3,363	3,094
Amounts owed to group undertakings	-	-	2,253	2,273
Corporation tax	-	2,250	-	-
Social security and other taxes	2,283	3,142	689	678
Other creditors	1,560	113	1,560	113
Accruals and deferred income	<u>10,053</u>	<u>11,344</u>	<u>6,675</u>	<u>7,981</u>
	<u>91,589</u>	<u>36,552</u>	<u>21,790</u>	<u>23,389</u>

**20. Creditors: amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Bank loans (see note 21)	154,438	210,938	154,438	147,188
Swap liabilities	<u>-</u>	<u>19,362</u>	<u>-</u>	<u>17,586</u>
	<u>154,438</u>	<u>230,300</u>	<u>154,438</u>	<u>164,774</u>

**21. Loans**

An analysis of the maturity of loans is given below:

	<b>Group</b>		<b>Company</b>	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Amounts falling due within one year or on demand:				
Bank loans	71,000	12,250	7,250	7,250
Other loans	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>7,528</u>	<u>71,000</u>	<u>7,250</u>	<u>7,250</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>146,910</u>	<u>139,938</u>	<u>139,938</u>	<u>139,938</u>

(i) The bank loans and overdraft were secured by a legal charge over all the properties and by a debenture over all the assets of the Company and by assignment of insurance policies on the lives of the directors. The bank loans total £225 million (2017 - £223 million) and were repayable by either monthly or quarterly instalments. The bank loans as at 31 March 2018 were to mature in December 2018 and 2020. The interest rate on the bank loans is LIBOR + 2.35% per annum. The Group used interest rate swaps to hedge against movements in interest rates.

The bank loans were novated to fellow group companies after the year end as part of the group reorganisation (as detailed in note 29)

(ii) The other loan was repayable on demand and was repaid in full during the year. The interest rate on the loan was 5% per annum.

**GLOBALGRANGE LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**22. Financial instruments**

	Group	
	2018 £'000	2017 £'000
Financial assets:		
– debt instruments measured at amortised cost	<u>10,384</u>	<u>9,356</u>
Financial liabilities:		
– measured at amortised cost	<u>243,743</u>	<u>242,098</u>
– measured at fair value through profit and loss- other financial liabilities	<u>-</u>	<u>19,361</u>

**Interest rate swaps:**

The Group terminated all interest rate swaps during the year. In relation to the comparative year, there were contracts with current nominal values of £55.625 million whose future nominal values were £113.375 million, paying swap fixed interest payments that ranged between 1.94 % - 5.37% and receiving variable interest rates linked to LIBOR that ranged between 0.34% - 0.59%.

As at the 31 March 2017, the interest rate swaps hedged existing loan facilities, LIBOR plus 2.35%, for the period up until 2027, however these have since been terminated during the year.

Derivative fair values obtained from all banks were calculated using the 'risk-free' curve and thus do not incorporate any Credit Value Adjustment ("CVA"). This is due to the lack of tradable credit instruments and the difficulty in monetising any economic benefit from a credit gain upon transfer or closing out of the derivative liability. It should be noted that loan margins could be used as a proxy for 'creditworthiness', however, with loan margins of 2.35%, this was considered to represent a strong credit rating and make a CVA adjustment negligible.

**23. Provisions for liabilities**

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Deferred tax asset:				
Liabilities measured at fair value	-	(3,278)	-	(2,975)
Deferred tax liabilities				
Accelerated capital allowances	1,435	1,606	654	754
Valuation of land and buildings	<u>147,899</u>	<u>148,525</u>	<u>81,899</u>	<u>83,000</u>
	<u>149,334</u>	<u>146,853</u>	<u>82,553</u>	<u>80,779</u>

**Group**

	Deferred tax £'000
Balance at 1 April 2017	146,853
Charge to profit or loss	2,847
Charge to other comprehensive income	<u>(366)</u>
Balance at 31 March 2018	<u>149,334</u>

**Company**

	Deferred tax £'000
Balance at 1 April 2017	80,779
Charge to profit or loss	2,875
Charge to other comprehensive income	<u>(1,101)</u>
Balance at 31 March 2018	<u>82,553</u>

**GLOBALGRANGE LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018**

**24. Called up share capital**

Number:	Class:	Nominal value:	2018 £'000	2017 £'000
150,000	Ordinary shares	£1	<u>150</u>	<u>150</u>

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

**25. Reserves**

Reserves of the Company represent the following:

**Revaluation reserve**

The cumulative revaluation gains and losses in respect of land and buildings, except revaluation gains and losses recognised in profit or loss. Excess depreciation charged on revalued buildings over the historical cost depreciation is transferred from the revaluation reserve to the profit and loss reserve annually.

**Other reserves**

The cumulative revaluation gains and losses in respect of investment properties, except revaluation gains and losses recognised in profit or loss.

**Retained earnings**

Cumulative profit and loss net of distributions to owners.

**26. Capital commitments**

	<b>Group</b>		<b>Company</b>	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Contracted for but not provided in the financial statements	<u>11,005</u>	<u>16,138</u>	<u>8,113</u>	<u>8,013</u>

These are in respect of development of existing properties.

**27. Guarantees and other financial commitments**

**Financial commitments**

As at 31 March 2018 the Group had total commitments, subject to future review, under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	2018 £'000	2017 £'000
Payments due		
Within one year	2,995	2,995
Between two and five years	11,143	11,494
In over five years	<u>35,241</u>	<u>37,884</u>
	<u>49,379</u>	<u>52,373</u>

As at 31 March 2018 the Company had total commitments, subject to future review, under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	2018 £'000	2017 £'000
Payments due		
Within one year	2,990	2,990
Between two and five years	11,123	11,474
In over five years	<u>33,400</u>	<u>36,039</u>
	<u>47,513</u>	<u>50,503</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**28. Related party relationships and transactions**

<b>Name</b>	<b>Relationship</b>	<b>Transactions</b>
Harateba Executive Pension Scheme	Directors of the Company and their mother are trustees and members of the scheme	During the year ended 31 March 2018, rent and interest charged by the related party to the Group amounted to £358,800 and £1,294 respectively (2017 - £362,050 and £3,268). As at 31 March 2018, the balance due by the Group to the related party was £89,529 (2017 - due by related party £82,163).
R S Matharu, H S Matharu, T S Matharu and Mrs B K Matharu	Directors and their mother	(i) Amount due to them as at 31 March 2018 was £1,361,374 (2017 - £18,170). (ii) The bank loans are partly secured by the assignment of insurance policies on the lives of the directors.
Indian Ocean Disaster Relief	Directors are trustees	During the year ended 31 March 2018, net sales made to related party was £nil (2017 - £2,870). Amount due from the related party at 31 March 2018 was £29,012 (2017 - £28,638)
Priestgate Estates Limited	Joint Venture	Amount due from related party at 31 March 2018 was £1,337,490 (2017: £1,337,490)

Dividends were paid to the directors of £13,200,000 (2017 - £13,200,000) and to close family members of £1,800,000 (2017 - £1,800,000).

The Group was under the control of the directors.

**29. Post balance sheet events**

Following a strategic review of the business, the Group has undertaken a major reorganisation to add flexibility for the shareholders and establish a more appropriate platform for future trading, and as part of this a new ultimate parent company, New Grange Holdings 1 Limited, was interposed between Globalgrange Limited and its shareholders in January 2018. *New Grange Holdings 1 Limited held the entire share capital of Globalgrange Limited and, a newly incorporated company, Globalgrange Hotels Limited.*

In May 2018, the trade and assets of each individual hotel were transferred from the Globalgrange Limited sub-group into separate companies which were established as indirect subsidiaries of Globalgrange Hotels Limited. The bank loans were novated to the new companies. On transfer of the assets, each of the hotel operating companies entered into a hotel management agreement with Globalgrange Limited to manage the businesses of the hotels on their behalf as their agent. The agreement covered central functions such as central office staff (finance, management, HR etc.), IT systems and Intellectual Property.

Subsequently, New Grange Holdings 1 Limited was placed into members' voluntary liquidation and in accordance with a restructuring agreement under s110 of the Insolvency Act 1986, the liquidator distributed Globalgrange Limited to a newly incorporated company, New Grange Holdings 3 Limited, and Globalgrange Hotels Limited to another newly incorporated company, New Grange Holdings 2 Limited. This created two separate corporate groups with the same ultimate shareholders.

**30. Control**

At the year end, the directors consider the ultimate parent company was New Grange Holdings 1 Limited. The ultimate parent undertaking at the date of approval of these financial statements is New Grange Holdings 3 Limited.