

# **Capital Hill Hotels Group London Limited**

## **Annual report and financial statements**

31 December 2019

THURSDAY



A21 \*A9KLDHMQ\* 24/12/2020 #441  
COMPANIES HOUSE

Capital Hill Hotels Group London Limited

---

**Annual report and financial statements**

for the year ended 31 December 2019

	<i>Pages</i>
Directors and advisers	2
Strategic report	3
Directors' report	6
Independent auditors' report	9
Statement of comprehensive income	12
Statement of financial position	13
Statement of changes in equity	14
Cash flow statement	15
Notes to the financial statements	16

## Capital Hill Hotels Group London Limited

---

### Directors and advisers

#### Directors

Z E Guziri resigned 17<sup>th</sup> Dec 2019  
J A Thani resigned 17th Dec 2019  
F Bakhos resigned 17th Dec 2019  
K Cooper resigned 17th Dec 2019  
D Beveridge resigned 25<sup>th</sup> June 2020  
S Teasdale appointed 17<sup>th</sup> Dec 2019  
K Eleftherios appointed 19<sup>th</sup> June 2020

#### Registered office

10 Queen Street Place  
London EC4R 1AG

#### Registered auditors

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

## Capital Hill Hotels Group London Limited

---

### Strategic report

#### Principal activity

The principal activity of the company is to own and operate two five-star hotels in central London – St. Martins Lane and Sanderson.

#### Review of the business

The hotel market in London continues to expand its room supply and RevPar performance remains under pressure. Total hotel revenue was down by -5.16% (£2.1m) year-on-year which is explained by a decrease in F&B revenue due to the closure of Asia di Cuba in February 2020 and a decrease in other revenue due to the Spa closure in Dec 2019.

Total losses for the year are £11.4m and include an intercompany receivable written off of £12.6m.

Expenses were well controlled through all areas within the hotel and strict control on operating costs and payroll.

#### Principal risk and uncertainties

##### *COVID-19*

The company recognises the negative impact that COVID-19 will have on the hotels' business due to action taken by the UK government and other governments around the world. The hotels temporarily closed their doors on the 23<sup>rd</sup> of March in line with government guidance. St. Martins Lane re-opened on the 1<sup>st</sup> October and subsequently closed again in November and Sanderson is expected to re-open in Q1 2021. The company has taken advantage of various government initiatives to support business and employment, including the job retention scheme and certain members of staff have continued to work 4 days per week helping to ensure the security of the hotels and managing day to day operating matters. Throughout the post COVID-19 period we have continued to settle supplier liabilities and additional cash injections will be provided by the intermediate parent company in order to continue to support the two hotels further details of which are provided in the going concern note.

#### Key performance indicators

The key performance indicators for the company are ARR (Average Room Rate), Occupancy (total available rooms divided by the rooms occupied expressed as a percentage), and RevPAR (Revenue Per Available Room) which is a combination of both expressed as £'s.

In the year under review the combined Occupancy for the hotels was 86.4% (2018 – 84.6 %), the ARR achieved was £263.44 (2018 – £260.27). RevPAR (the product of ARR and Occupancy) during the period under review was £227.22 (2018 – £220.17), which represents a year-on-year increase of 3.06%.

## Capital Hill Hotels Group London Limited

---

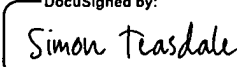
### Strategic report (continued)

#### Section 172 (1) statement

Information required s172(1) of the Companies Act 2006 which is not documented below is shown within the 'Business review' and 'Principal risks and uncertainties' sections of the Strategic Report.

The directors have acted in a way that they consider to be most likely to promote the success of the Company for the benefits of all stakeholders; fostering high standards, good governance, an appropriate code of conduct and the need to act fairly for all members of the Company. The directors consider that the Company's key stakeholders are its clients, owners, employees, suppliers, and the local community. It is considered vital that strong relationships are built with key stakeholders, which are both meaningful and mutually beneficial. Appropriate due diligence is done before entering into new relationships with any key supplier to ensure the propriety of business operations, including considerations of environmental and social responsibilities.

On behalf of the board

DocuSigned by:  
  
004E9EE70BBE474...  
S. Teasdale  
Director

11 December 2020 | 3:41 AM PST

## Capital Hill Hotels Group London Limited

---

Registered No. 3462675

### Directors' report

The directors present their report and the audited financial statements of Capital Hill Hotels Group London Limited ('the Company') for the year ended 31 December 2019. The Company is registered in England and Wales (company number 3462675).

### Results and dividends

The results of the year are set out in the accompanying Statement of comprehensive income which shows losses after tax for the year ended 31 December 2019 of £11,653,000 (2018 – £1,709,000).

The directors recommend no payment of a dividend for the year ended 31 December 2019 (2018 – £nil).

### Business relationships

In accordance with the Companies (Miscellaneous Reporting) Regulations 2018 there is a requirement to disclose how the directors have regard to the need to foster the Company's business relationships with suppliers, customers and others. This disclosure is included in the 'Section 172(1) statement' section of the Strategic Report.

### Employee involvement

The company's policy is to give full and fair consideration for applications for employment made by people with disabilities. Wherever possible we will continue the employment of staff that become disabled and provide equal opportunities for the training and development of disabled employees.

The company recognises the importance of the employees within its business and annually provides a communication program at which the company's achievements and goals are expressed.

### Financial instruments

The company has an interest-bearing intercompany loan due to its intermediate parent company, Capital Hill Hotels Limited for £84,383,146 and other financial instruments as disclosed in Note 20.

### Directors and their interests

The directors who served during the year ended 31 December 2019 and up to the date of this report are as follows:

Z E Guiziri resigned 17<sup>th</sup> Dec  
J A Thani resigned 17<sup>th</sup> Dec  
F Bakhos resigned 17<sup>th</sup> Dec  
K Cooper resigned 17<sup>th</sup> Dec  
D Beveridge resigned 25<sup>th</sup> June 2020  
S Teasdale appointed 17th Dec 2019  
K Eleftherios appointed 19th June 2020

According to the register of directors' interests, the director who held office at the end of the year had no interest in the shares of group companies, nor were any rights to subscribe for shares in group companies granted to, or exercised by, any of the directors.

## Capital Hill Hotels Group London Limited

---

### Directors' report (continued)

#### Future developments

The company was sold to Green UK BidCo Limited whose intermediate parent undertaking is Vivion Investments S.a.r.l on 7<sup>th</sup> January 2020. The directors expect business to continue as a hotel owner/operator once the hotels have reopened. As noted in the principal risks section above, the company recognises the negative impact that COVID-19 will have on the hotel's business in the short to medium term.

#### Events since the statement of financial position date

There have been no significant events since the statement of financial position date other than the change in ownership of the company as referred to above.

#### Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 International Financial Reporting Standards as adopted by the European Union. 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards as adopted by the European have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Capital Hill Hotels Group London Limited

---

### Directors' report (continued)

#### Going concern

At 31 December 2019, the Company has net current liabilities of £83,193k (2018 – net current assets of £1,540k) and net assets of £5,101k (2018 – £16,754k). The Company has received confirmation from its intermediate controlling party (Vivion Investments S.a.r.l) that it can and will provide financial support for a period of at 12 months from the date of approval of the financial statements.

The Directors routinely forecast future cash flows, liquidity and the financial position of the entity through the forecast period. The key assumptions that underlay the going concern assessment include:

- Financial support from the company's owners continues through 2021 with some repayment of these injections being anticipated at the end of 2021 and into 2022.
- The forecasts take into account trading, operating and financing sensitivities that represent the Directors best estimate of the future, based on the information available to them at the time of the approval of the financial statements.

The Directors recognise that the company is reliant on the financial support of Vivion Investments S.a.r.l and have performed procedures to satisfy themselves that the intermediate parent company is in a position to provide this support and therefore they consider it appropriate for the financial statements to be prepared on a going concern basis. The financial statements do not contain adjustments that would result if the company were unable to continue as a going concern.

#### Disclosure of information to the auditor

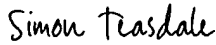
Each of the persons who are a director at the date of approval of this report confirms that:

- So far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- The director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Ernst & Young LLP have expressed their willingness to continue in office as auditor. The board has noted the same and appropriate arrangements will be made in this regard.

Approved by the board of directors and signed on behalf of the board.

DocuSigned by:  
  
004E9EE70BBE474...

S. Teasdale  
Director

11 December 2020 | 3:41 AM PST

# **Independent Auditor's Report to the members of Capital Hill Hotels Group London Limited**

## **Opinion**

We have audited the financial statements of Capital Hill Hotels Group London Limited for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Emphasis of matter – disclosure of effects of COVID-19 and reliance on parental support**

We draw attention to Notes 2 and 24 of the financial statements, which describe the financial disruption the Company is facing as a result of COVID-19 in the post balance sheet event period and the reliance of the company on the support of its intermediate parent company for financial support. Our opinion is not modified in respect of this matter.

## **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 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.

# **Independent Auditor's Report to the members of Capital Hill Hotels Group London 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.

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.

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 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 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Independent Auditor's Report to the members of Capital Hill Hotels Group London Limited (continued)

### 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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.

Rebecca Turner (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
1 More London Place  
London  
SE1 2AF

11<sup>th</sup> December 2020

## Capital Hill Hotels Group London Limited

**Statement of Comprehensive Income**

for the year ended 31 December 2019

	<i>Notes</i>	<i>2019</i> <i>£000</i>	<i>2018</i> <i>£000</i>
<b>Turnover</b>	4	38,686	40,790
Cost of sales		<u>(13,879)</u>	<u>(14,856)</u>
<b>Gross profit</b>		24,807	25,934
Administrative expenses		(20,266)	(20,418)
Administrative expenses – amounts written off intercompany receivable balance		<u>(12,630)</u>	<u>–</u>
<b>Operating profit/(loss)</b>	6	(7,819)	5,516
Finance expense	7	<u>(3,037)</u>	<u>(3,231)</u>
<b>Profit/(loss) before taxation</b>		(10,856)	2,285
Tax on profit	8, 15	<u>(797)</u>	<u>(576)</u>
<b>Profit/(loss) for the financial year</b>		<u>(11,653)</u>	<u>1,709</u>

All activities derive from continuing operations.

There were no recognised gains or losses other than those included in the Statement of comprehensive income.

The notes on pages 15 to 33 form part of these financial statements.

## Capital Hill Hotels Group London Limited

Registered Number 3462675

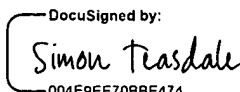
## Statement of financial position

at 31 December 2019

		2019	2018	Restated 2018
	Notes	£000	£000	£000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant & equipment	9	92,552	92,670	94,067
Amounts due from immediate parent undertaking	10	–	18,406	18,406
<b>Current assets</b>				
Stock	11	323	310	310
Trade and other receivables	12	3,009	3,298	3,298
Cash at bank and in hand		2,699	3,755	3,755
<b>Total current assets</b>		<u>6,031</u>	<u>7,363</u>	<u>7,363</u>
<b>Total assets</b>		<u>98,583</u>	<u>118,439</u>	<u>119,836</u>
<b>Current liabilities</b>				
Trade and other payables	13	(4,841)	(5,823)	(5,823)
Interest-bearing loans and borrowings	16	(84,383)	–	–
<b>Net current assets</b>		<u>(83,193)</u>	<u>1,540</u>	<u>1,540</u>
<b>Non-current liabilities</b>				
Amounts due to immediate parent undertaking	14	–	(5,776)	(5,776)
Deferred tax liability	15	(3,155)	(3,224)	(3,224)
Interest-bearing loans and borrowings	16	–	(87,156)	(87,156)
Finance lease liabilities	17	(1,103)	(1,103)	(1,103)
<b>Net assets</b>		<u>5,101</u>	<u>15,357</u>	<u>16,754</u>
<b>Equity</b>				
Called up share capital	18	–	–	–
Share premium account		19,500	19,500	19,500
Profit and loss account		(14,399)	(4,143)	(2,746)
		<u>5,101</u>	<u>15,357</u>	<u>16,754</u>

The financial statements of Capital Hill Hotels Group London Limited, registered number 3462675, were approved by the Board of Directors and authorised for issue 11<sup>th</sup> December 2020

Signed on behalf of the Board of Directors

DocuSigned by:  
  
 S. Teasdale  
 Director  
 11 December 2020 | 3:41 AM PST

The notes on pages 15 to 33 form part of these financial statements.

## Statement of changes in equity

for the year ended 31 December 2019

	<i>Called up share capital (Note 18) &amp; Accumulated OCI</i>	<i>Share premium account</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January 2018	–	19,500	(5,852)	13,648
Reduction of depreciation expense in prior years	–	–	1,397	1,397
At 1 January 2018 (as restated)	–	19,500	(4,455)	15,045
Profit for the year	–	–	1,709	1,709
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	1,709	1,709
At 31 December 2018 (as restated)	–	19,500	(2,746)	16,754
At 1 January 2019 (as restated)	–	19,500	(2,746)	16,754
Loss for the year	–	–	(11,653)	(11,653)
Other comprehensive income	–	–	–	–
Total comprehensive loss for the year	–	–	(11,653)	(11,653)
At 31 December 2019	–	19,500	(14,399)	5,101

The notes on pages 15 to 33 form part of these financial statements.

## Capital Hill Hotels Group London Limited

**Cash flow statement**

for the year ended 31 December 2019

		2019	2018
	Notes	£000	£000
<b>Operating activities</b>			
Profit/(loss) before taxation		(10,856)	2,285
Depreciation	9	3,865	3,779
Finance expense	7	3,037	3,231
		(3,954)	9,295
Working capital adjustments:			
(Increase)/decrease in inventory	11	(13)	(17)
Decrease/(increase) in receivables	12	18,695	55
Increase/(decrease) in payables	13	(6,743)	83
		11,939	121
Income tax paid		(881)	—
<b>Net cash flow generated from operating activities</b>		<b>7,104</b>	<b>9,416</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	9	(2,350)	(1,369)
Net cash flow used in investing activities		(2,350)	(1,369)
<b>Financing activities</b>			
Repayment of borrowings	16	(2,773)	(5,545)
Interest paid	7	(3,037)	(3,231)
<b>Net cash flow used in financing activities</b>		<b>(5,810)</b>	<b>(8,776)</b>
Net decrease in cash and cash equivalents		(1,056)	(729)
Cash at bank and in hand at the beginning of the year		3,755	4,484
<b>Cash at bank and in hand at 31 December</b>		<b>2,699</b>	<b>3,755</b>

The notes on pages 15 to 33 form part of these financial statements.

## Notes to the financial statements

at 31 December 2019

### 1. General information

Capital Hill Hotels Group London Limited is a private company limited by shares incorporated and domiciled in England and Wales. The principal activity of the company is to own and operate two five star hotels in central London – St Martin's Lane and Sanderson. The principal accounting policies adopted are set out in note 3.

### 2. Basis of preparation

The Company has adopted International Financial Reporting Standards (IFRSs) as adopted by the European Union as the accounting standards for the financial statements. The financial statements have been prepared in accordance with IFRSs as adopted by the European Union and interpretations issued by the International Financial Reporting Interpretation Committee (IFRICs), as they apply to the financial statements of the Company for the year ended 31 December 2019. The financial statements are prepared on the historical cost basis, except for derivative financial instruments. The financial statements are presented in British Pounds and all values are rounded to the nearest thousand (£000), except when otherwise indicated.

#### ***New and amended standards adopted by the Company:***

The Company applied IFRS 16 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

#### ***IFRS 16 Leases***

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Using the modified retrospective approach, the Company will not restate comparative information. Instead, the lessee recognises the cumulative effect of initially applying the new standard as an adjustment to equity (if applicable) at the date of initial application.

No adjustment to equity was required as a result of adoption of this standard.

#### ***Exemptions***

The Company has elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### ***Transition exemptions***

The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).

## Capital Hill Hotels Group London Limited

---

# Notes to the financial statements

31<sup>st</sup> December 2019

## 2. Basis of preparation (continued)

### ***Standards issued but not yet effective***

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

### ***IFRS 17 Insurance Contracts***

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

### ***Amendments to IFRS 3: Definition of a Business***

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Company will not be affected by these amendments on the date of transition.

### ***Amendments to IAS 1 and IAS 8: Definition of Material***

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Company's financial statements.

## Capital Hill Hotels Group London Limited

## Notes to the financial statements

31<sup>st</sup> December 2019

### 2. Basis of preparation (continued)

#### *Going concern*

At 31 December 2019, the Company has net current liabilities of £83,193k (2018 – net current assets of £1,540k) and net assets of £5,101k (2018 – £16,754k). The Company has received confirmation from its intermediate controlling party (Vivion Investments S.a.r.l) that it can and will provide financial support for a period of at least 12 months from the date of approval of the financial statements. The Directors recognise that the company is reliant on the financial support of Vivion Investments S.a.r.l and they have performed procedures to satisfy themselves that the intermediate parent company is in a position to provide this support and therefore they consider it appropriate for the financial statements to be prepared on a going concern basis.

The Directors routinely forecast future cash flows, liquidity and the financial position of the entity through the forecast period. The key assumptions for these forecasts include:

- Financial support from the company's owners continues through 2021 with some repayment of these injections being anticipated at the end of 2021 and into 2022.
- The forecasts take into account trading, operating and financing sensitivities that represent the Directors best estimate of the future, based on the information available to them at the time of the approval of the financial statements.

The financial statements do not contain the adjustments that would result if the Company was unable to continue as a going concern.

#### *Prior period adjustment*

A prior period adjustment has been recoded to correct the over-depreciation of assets within the prior years. An amount of £1,397,622 has been reclassified from accumulated depreciation of property, plant & equipment balance and has been credited to equity at 1 January 2018. The impact of this adjustment on the Statement of comprehensive income for 2018 is to reduce the opening balance of retained earnings by £1,397k. On the basis that the majority of the relevant assets impacted qualified for capital allowances, the deferred tax liability recognised on fixed assets differences increases because the net book value rises further above the tax written down value. The deferred tax charge arising because of the reversal of depreciation is included in the adjustment in relation to prior years of £225,319 as shown in the tax reconciliation in note 8.

### 3. Principal accounting policies

#### **Current versus Non-current classification**

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

## Capital Hill Hotels Group London Limited

# Notes to the financial statements

31<sup>st</sup> December 2019

### 3. Principal accounting policies (continued)

#### Current versus Non-current classification (continued)

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### Revenue

Revenues are generated from the provision of the hotels' guest rooms, food and beverage outlets as well as ancillary services such as rental income from let areas, cancellation fees, concierge services and various others. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and sales tax or duty.

- Room revenue is recognised when the room is occupied
- Revenue from provision of food and beverages is recognised when sold
- Service revenue is recognised when the service is provided
- Rental income from operating leases is recognised on a straight-line basis

#### Property, plant & equipment

Property, plant & equipment are stated at cost less depreciation and any provision for impairment. Assets are depreciated to their residual values on a straight-line basis over their estimated useful lives as follows:

Freehold and long leasehold buildings	–	50 years
Building surface finishes	–	25 – 38 years
Plant and machinery	–	5-15 years
Fixtures, fittings and equipment	–	3 – 5 years

No depreciation is provided on freehold land. No residual values are ascribed to building surface finishes.

Freehold land, freehold and long leasehold buildings and building surface finishes are all held as land and buildings within note 9.

No depreciation is provided for assets under construction in progress until the asset is placed into use.

#### Leases

##### *Measurement of lease liabilities on transition*

For leases previously classified as operating leases, the lease liability at the date of initial application were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. Right of use assets are recognised as building (note 9) that are depreciated accordingly.

##### *Measurement of right of use (ROU) assets on transition*

For leases previously classified as operating leases, the Company has elected to measure the right of use asset at an amount equal to the lease liability, resulting in a zero impact on Equity as at 1 January 2019. A lease liability is recognised at the present value of lease payments to be made over the lease term as disclosed in finance lease (note 17).

#### Deferred taxation

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are generally recognised for all taxable temporary differences.

## Capital Hill Hotels Group London Limited

## Notes to the financial statements

31<sup>st</sup> December 2019

### 3. Principal accounting policies (continued)

#### *Deferred taxation (continued)*

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are generally recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The reversal of accumulated depreciation served to increase the deferred tax liability in respect of fixed asset timing differences.

#### *Financial instruments*

##### *(i) Financial assets*

###### *Trade and other receivables*

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method and are subject to impairment.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through the statement of profit or loss and other comprehensive income. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discontinued at an approximation of the original effective interest rate. For trade receivables and some intercompany loans, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and some intercompany loans, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

###### *Cash at bank and in hand*

In the statement of cash flows, cash at bank and in hand include bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

##### *(ii) Financial Liabilities*

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

## Capital Hill Hotels Group London Limited

# Notes to the financial statements

31<sup>st</sup> December 2019

### 3. Principal accounting policies (continued)

#### *(ii) Financial Liabilities*

##### *Loans and Borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

##### *Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Ordinary dividends are recognised in the period in which they are paid to shareholders.

##### *Inventory*

Stocks are stated at the lower of cost and net realisable value.

##### *Pension scheme*

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account in the period in which they are incurred.

##### *Significant accounting estimates and assumptions*

The preparation of financial statements in conformity with IFRS requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The significant estimates and assumptions in determining the financial condition and results of the company are as follows:

##### *Estimates*

- The depreciable lives of property, plant & equipment

##### *Judgements*

- The recoverability of any recognised deferred taxation assets

### 4. Revenue

	2019	2018
	£000	£000
Rooms	29,359	28,448
Food and beverage	8,425	9,965
Other	902	2,377
	<u>38,686</u>	<u>40,790</u>

All revenue arises in the United Kingdom.

## Capital Hill Hotels Group London Limited

## Notes to the financial statements

31<sup>st</sup> December 2019

## 5. Staff numbers and costs

	2019	2018
	No.	No.
<i>The average number of employees in the year was:</i>		
Hotel operating staff	290	326
Management/administration	22	19
Sales and marketing	21	9
Maintenance	15	16
Total	<u>348</u>	<u>370</u>

The aggregate payroll costs for these persons were as follows:

	2019	2018
	£000	£000
Wages and salaries	11,221	11,291
Social security costs	919	964
Pension costs	241	187
	<u>12,381</u>	<u>12,442</u>

The directors represent key management personnel. The directors were paid by a parent entity for their services to the wider group. It is not practical to allocate an amount for their services to this company alone.

Salary costs relating to employees of Morgans Hotel Group are considered to be costs of key management personnel, which are paid through a management fee due to Morgans Hotel Group as disclosed in note 22.

**Funded defined contribution scheme for employees (group scheme)**

Pension costs of £241,000 (2018 – £187,000) were charged to the profit and loss account of which £nil (2018 – £nil) was outstanding at the balance sheet date.

## 6. Operating profit/(loss)

This is arrived at after charging:

	2019	2018
	£000	£000
Auditors' remuneration:		
– Audit	21	16
Depreciation of property, plant & equipment	3,865	3,779
Finance charges on lease obligations	75	75

## 7. Finance expense

	2019	2018
	£000	£000
Interest on loans	3,037	3,231
	<u>3,037</u>	<u>3,231</u>

## Capital Hill Hotels Group London Limited

**Notes to the financial statements**31<sup>st</sup> December 2019**8. Taxation**

## (a) Analysis of tax charge in the year

	2019 £000	2018 £000
<b>Current tax:</b>		
Current tax on profits for the year	831	765
Adjustment in respect of previous periods	30	(5)
<b>Total current tax</b>	<b>861</b>	<b>760</b>
<b>Deferred tax:</b>		
Current year	(284)	(206)
Adjustment in respect of previous periods	220	–
Effects of changes in tax rates	–	22
<b>Total deferred tax (note 15)</b>	<b>(64)</b>	<b>(184)</b>
<b>Tax charge to the income statement</b>	<b>797</b>	<b>576</b>

## (b) Factors affecting total tax charge for the year

	2019 £000	2018 £000
Profit/(loss) before tax	(10,856)	2,285
Tax on profit at standard UK tax rate of 19.00% (2018 – 19.00%)	(2,063)	434
<i>Effects of:</i>		
Expenses not deductible	2,542	130
Tax rate changes	–	22
Adjustments in respect of prior years	284	(5)
Amounts not recognised	34	(5)
<b>Tax charge for the period</b>	<b>797</b>	<b>576</b>

## Capital Hill Hotels Group London Limited

## Notes to the financial statements

31<sup>st</sup> December 2019

## 9. Property, plant &amp; equipment

	<i>Land and buildings £000</i>	<i>Plant and machinery £000</i>	<i>Fixtures, fittings and equipment £000</i>	<i>Total £000</i>
<b>Cost</b>				
At 1 January 2019	103,568	13,811	32,357	149,736
Additions	322	267	1,761	2,350
Disposals	—	—	—	—
At 31 December 2019	103,890	14,078	34,118	152,086
<b>Depreciation</b>				
At 1 January 2019 (as previously reported)	19,369	11,736	25,961	57,066
Reduction of depreciation expense in prior years	—	(1,310)	(87)	(1,397)
At 1 January 2019 (as restated)	19,369	10,426	25,874	55,669
Charge for the year	912	476	2,477	3,865
At 31 December 2019	20,281	10,902	28,351	59,534
Net book amount at 31 December 2019	83,609	3,176	5,767	92,552
Net book amount at 31 December 2018 (as restated)	84,199	3,385	6,483	94,067

Included in total net book value of land and buildings is a long leasehold property. The ground lease associated with this property is accounted for as a finance lease as disclosed in note 3 and note 17. The right of use asset is included at the present value of future obligations discounted based on the incremental borrowing rate at the date of lease commencement. The carrying amount of the right of use asset, net of accumulated depreciation of £394,238 (2018 – £371,000), at 31 December 2019 was £619,000 (2018 – £642,000).

Fully depreciated property and equipment are retained in the accounts until they are no longer in use. Cost of fully depreciated property and equipment that are still in use in the Company's operations amounted to £22,745,455.

## 10. Non-current financial assets

	<i>2019 £000</i>	<i>2018 £000</i>
Amount due from immediate parent undertaking	—	18,406

## 11. Stock

	<i>2019 £000</i>	<i>2018 £000</i>
Food and beverage	323	310

## Capital Hill Hotels Group London Limited

**Notes to the financial statements**31<sup>st</sup> December 2019**12. Trade and other receivables**

	2019 £000	2018 £000
Trade receivables	1,068	1,104
Prepayments	996	997
Amounts due from intermediate parent undertaking	945	1,186
Amounts due from related parties	–	11
	<u>3,009</u>	<u>3,298</u>

**13. Trade and other payables**

	2019 £000	2018 £000
Trade creditors	(1,023)	(819)
Accruals and deferred income	(1,951)	(2,526)
Taxation and social security	(962)	(1,206)
Corporation tax	(502)	(855)
Amounts due to related parties	(403)	(398)
Other creditors	–	(19)
	<u>(4,841)</u>	<u>(5,823)</u>

**14. Non-current financial liabilities**

	2019 £000	2018 £000
Amounts due to immediate parent undertaking	<u>–</u>	<u>(5,776)</u>

**15. Deferred taxation**

## (b) Deferred tax note

	2019 £000	2018 £000
Provision at the start of the year	3,224	3,408
Deferred tax (credit) / charge to the Statement of comprehensive income	(64)	(184)
Adjustment in respect of prior periods	(5)	–
Provision at the end of the year	<u>3,155</u>	<u>3,224</u>

## (b) Analysis of deferred tax balance

	2019 £000	2018 £000
Fixed assets	3,013	3,052
Temporary differences trading	(5)	(4)
IFRS swap adjustment	147	176
Provision at the end of the year	<u>3,155</u>	<u>3,224</u>

## Capital Hill Hotels Group London Limited

## Notes to the financial statements

31<sup>st</sup> December 2019

## 15. Deferred taxation (continued)

The standard rate of corporation tax in the UK was changed from 20% to 19% with effect from 1 April 2017. In the 2016 Budget, the government announced a further reduction to 17% for the financial year beginning 1 April 2020. This reduction was overturned by legislation passed in March 2020 with the effect that the corporation tax rate will remain at 19%. On the basis that the reduction was formally overturned after the balance sheet date, deferred tax is recognised at 17%. Based on the prevailing corporation tax rate of 19%, the ultimate impact on the deferred tax liability will be an increment of £368,580.

## 16. Interest-bearing loans and borrowings

	2019 £000	2018 £000
Amount due to parent company	84,383	87,156
Loan from parent company is repayable as follows:		
	2019 £000	2018 £000
In one year or less, or on demand	84,383	–
In more than one year, but not more than two years	–	87,156
In more than two years, but not more than five years	–	–
	84,383	87,156

The amount due to parent company is a £84,383,000 unsecured loan from Capital Hill Hotels Limited executed on 30 November 2016 (retrospectively applied and drawn down on 18 August 2015) which is repayable on 18 August 2020. This facility carries a fixed annual interest rate.

## 17. Finance Lease

	Land and buildings £000
<b>Right of use assets</b>	
Balance at 1 January 2019	1,013
Additions	–
Accumulated Depreciation	(394)
<b>Balance at 31 December 2019</b>	<b>619</b>
<b>Lease liabilities</b>	<b>31 December 2019 £000</b>
Noncurrent	1,103
Current	–
<b>Balance at 31 December 2019</b>	<b>1,103</b>

## Capital Hill Hotels Group London Limited

**Notes to the financial statements**31<sup>st</sup> December 2019**17. Finance Lease (continued)**

Amounts recognised in profit or loss	31 December 2019 £000	
Depreciation of right of use assets	20	
Interest on lease liabilities	75	
Expenses relating to short-term leases	–	
<b>Total amount recognised in profit or loss</b>	<b>95</b>	
	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>
Within 1 Year	75	75
After 1 Year but not more than 5 years	300	300
More than 5 years	9,150	9,225
Total minimum lease payments	9,525	9,600
Less: future interest costs	(8,422)	(8,497)
Present value of minimum lease payments	1,103	1,103

The Company acquired a leasehold property that is held at cost less accumulated depreciation within land and buildings. The ground lease associated with this property is accounted for as a finance lease. Finance lease payments represent ground rent payable by the Company on a lease term of 150 years from 1 January 1997 to 31 December 2146. A restriction on use is placed on the building in that it will not be used otherwise than as a high-quality hotel or high-class offices in keeping with the prestigious nature of the present listed building. The lease is on a fixed repayment basis and subject to rent review every 20 years with the first having taken place in June 2017. This contingent rental is calculated by reference to a retail price index. The amount recognised as an expense in the year in respect of contingent rental is £74,989 (2018 – £56,978).

**18. Called up share capital**

	<i>31 December 2019 £000</i>	<i>31 December 2018 £000</i>
Authorised		
100 shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
25 ordinary shares of £1 each	25	25
	<u>25</u>	<u>25</u>

**Capital policy**

The capital for the company is provided via funding from the parent and equity contributions and the primary objective is to generate a return for its shareholders.

## Capital Hill Hotels Group London Limited

## Notes to the financial statements

31<sup>st</sup> December 2019

## 19. Financial instruments and risk management

*(a) Accounting classifications and fair value*

The following tables show the carrying amount of financial assets and liabilities including their values in the fair value hierarchy. The tables do not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	<i>Carrying amount</i>				
	<i>Loans and Receivables</i>	<i>Liabilities at Amortised cost</i>	<i>Fair value hedging instruments</i>	<i>Total carrying amount</i>	<i>Fair value</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<b>31 December 2019</b>					
Trade receivables	1,068	—	—	1,068	1,068
Amount due from immediate parent undertaking	—	—	—	—	—
Amounts due from intermediate parent undertaking	945	—	—	945	945
Amounts due from related parties	—	—	—	—	—
Cash and cash equivalents	2,699	—	—	2,699	2,699
Trade creditors	—	(1,023)	—	(1,023)	(1,023)
Amount due to related parties	—	(403)	—	(403)	(403)
Loans and borrowings	—	(84,383)	—	(84,383)	(84,383)
Finance lease liabilities	—	(1,103)	—	(1,103)	(1,103)
	<u>4,712</u>	<u>(86,912)</u>	<u>—</u>	<u>(82,200)</u>	<u>(82,200)</u>

	<i>Carrying amount</i>				
	<i>Loans and Receivables</i>	<i>Liabilities at Amortised cost</i>	<i>Fair value hedging instruments</i>	<i>Total carrying amount</i>	<i>Fair value</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<b>31 December 2018</b>					
Trade receivables	1,104	—	—	1,104	1,104
Amount due from immediate parent undertaking	18,406	—	—	18,406	18,406
Amounts due from intermediate parent undertaking	1,186	—	—	1,186	1,186
Amounts due from related parties	11	—	—	11	11
Cash and cash equivalents	3,755	—	—	3,755	3,755
Trade creditors	—	(819)	—	(819)	(819)
Amount due to related parties	—	(398)	—	(398)	(398)
Other creditors	—	(19)	—	(19)	(19)
Amounts due to immediate parent undertaking	—	(5,776)	—	(5,776)	(5,776)
Loans and borrowings	—	(87,156)	—	(87,156)	(87,156)
Finance lease liabilities	—	(1,103)	—	(1,103)	(1,103)
	<u>24,462</u>	<u>(95,271)</u>	<u>—</u>	<u>(70,809)</u>	<u>(70,809)</u>

## Capital Hill Hotels Group London Limited

---

# Notes to the financial statements

31<sup>st</sup> December 2019

## 19. Financial instruments and risk management

### *(a) Accounting classifications and fair value (continued)*

#### *Estimation of fair values*

The principal methods and assumptions used in estimating the fair values of financial assets and liabilities are explained below.

#### *Cash at bank including the short-term bank deposits*

For short term bank deposits and cash and cash equivalents, all of which have a maturity of less than three months, the carrying value is deemed to reflect a reasonable approximation of fair value.

#### *Trade and other receivables/payables*

For the receivables and payables with a remaining term of less than one year or demand balances, the carrying value less impairment provision, where appropriate, is a reasonable approximation of fair value.

#### *Loans*

For intercompany loans and borrowings, the fair value is calculated based on discounted cash flow techniques.

### *(b) Financial risk management*

The Company is exposed to various financial risks that include credit risk, liquidity risk and market risk. The company has a risk management framework in place which seeks to limit the impact of these risks on the financial performance of the company. It is the policy of the company to manage these risks in a non-speculative manner.

This note presents information about the Company's exposure to each of the above risks and the objectives, policies and processes for measuring and managing the risks. Further quantitative and qualitative disclosures are included throughout this note.

The Company's board of directors has overall responsibility for the establishment and oversight of the company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

### *(c) Credit risk*

#### *Exposure to credit risk*

Credit risk arises from granting credit to customers and from investing cash with banks and financial institutions.

#### *Trade and other receivables*

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is no concentration of credit risk or dependence on individual customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

## Capital Hill Hotels Group London Limited

## Notes to the financial statements

31<sup>st</sup> December 2019

## 19. Financial instruments and risk management (continued)

*(c) Credit risk (continued)**Cash and short-term bank deposits*

The Company is exposed to credit risk from the counterparties with whom it places its bank deposits. The company is satisfied that the credit risk associated with its deposits is not significant.

The carrying amount of financial assets, net of impairment provisions, represents the Company's maximum credit exposure.

*Trade receivables*

The Company has detailed procedures for monitoring and managing the credit risk related to trade receivables. Trade receivables are monitored by review of aged debtor reports by management.

	<i>Gross</i>	<i>Impairment</i>	<i>Net</i>
	<i>£000</i>	<i>£000</i>	<i>receivables</i>
			<i>£000</i>
<b>At December 2019</b>			
Not past due	267	–	267
Past due < 90 days	785	(24)	761
Past due > 90 days	16	(15)	1
	<u>1,068</u>	<u>(39)</u>	<u>1,029</u>

	<i>Gross</i>	<i>Impairment</i>	<i>Net</i>
	<i>£000</i>	<i>£000</i>	<i>Receivables</i>
			<i>£000</i>
<b>At 31 December 2018</b>			
Not past due	281	–	281
Past due < 90 days	838	(15)	823
Past due > 90 days	10	(10)	–
	<u>1,129</u>	<u>(25)</u>	<u>1,104</u>

*(d) Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due. The ongoing development works are fully funded by the loans advanced by the parent company and the Company can arrange an overdraft facility if needed.

*Intercompany loans and borrowings*

Interest of £3,037,854 was recognised in the current financial year (2018 – £3,231,000).

*Overdraft facilities*

The Company has no undrawn overdraft or other loan facilities.

## Capital Hill Hotels Group London Limited

## Notes to the financial statements (continued)

at 31 December 2019

## 19. Financial instruments and risk management (continued)

## (d) Liquidity risk (continued)

## Contractual maturities

The following are the contractual maturities of the Company's financial liabilities, including estimated interest payments.

	<i>Carrying Amount £000</i>	<i>Contractual cash flows £000</i>	<i>6 months or less £000</i>	<i>6 – 12 months £000</i>	<i>1 – 2 years £000</i>	<i>2 – 5 years £000</i>	<i>More than 5 years £000</i>
<b>At 31 December 2019</b>							
Trade creditors	1,023	1,023	1,023	–	–	–	–
Amount due to related parties	403	403	403	–	–	–	–
Other creditors	–	–	–	–	–	–	–
Amounts due to immediate parent undertaking	–	–	–	–	–	–	–
Loans and borrowings	84,383	94,272	–	–	–	–	–
Finance lease liabilities	1,103	16,893	66	66	132	396	16,233
	<b>86,912</b>	<b>112,591</b>	<b>1,492</b>	<b>66</b>	<b>132</b>	<b>396</b>	<b>16,233</b>

## Capital Hill Hotels Group London Limited

## Notes to the financial statements (continued)

at 31 December 2019

## 19. Financial instruments and risk management (continued)

## (d) Liquidity risk (continued)

	Carrying Amount £000	Contractual cash flows £000	6 months or less £000	6 – 12 months £000	1 – 2 years £000	2 – 5 years £000	More than 5 years £000
<b>At 31 December 2018</b>							
Trade creditors	819	819	819	–	–	–	–
Amount due to related parties	398	398	398	–	–	–	–
Other creditors	19	19	19	–	–	–	–
Amounts due to immediate parent undertaking	5,776	5,776	–	–	–	5,776	–
Loans and borrowings	87,156	92,186	1,526	1,586	89,074	–	–
Finance lease liabilities	1,103	16,893	66	66	132	396	16,233
	<b>95,271</b>	<b>116,091</b>	<b>2,828</b>	<b>1,652</b>	<b>89,206</b>	<b>6,172</b>	<b>16,233</b>

## (e) Market risk

Market risk is the risk that changes in market prices and indices, such as foreign exchange rates, and interest rates will affect the Company's income or the value of its holdings of financial instruments. The Company is not currently exposed to interest rate risk as all borrowings are subject to fixed interest rates. Management believe exposure to foreign exchange rates is minimal as the vast majority of good and services are sourced in the United Kingdom.

## (f) Foreign exchange rate risk

The Company is not exposed to translation foreign exchange rate risk on its hotel operations as all of its operations are within the UK.

## (g) Interest rate risk

The Company is not currently exposed to interest rate risk as all borrowings are subject to fixed interest rates.

## Capital Hill Hotels Group London Limited

---

### Notes to the financial statements (continued)

at 31 December 2019

#### 20. Immediate and controlling party

The Company's immediate parent is Capital Hill Hotels Group Europe Limited, a company registered in England and Wales and the parent of the smallest group into which the company's results are consolidated.

As at 31 December 2019, the Company's ultimate consolidating entity is Prime Capital SA, a company registered in Luxembourg.

Following the disposal of the Company's immediate parent on 7<sup>th</sup> January 2020, the ultimate consolidating entity of the Company became Vivion Investment S.a.r.l., a company registered in Luxembourg (see note 24).

#### 21. Related party balances and transactions

Capital Hill Hotels Group Europe Limited owns 100% of the ordinary shares of Capital Hill Hotels Group London Limited.

Capital Hill Hotels Limited owns 100% shares of Capital Hill Hotels Group Europe Limited, the immediate parent company of Capital Hill Hotels Group London Limited.

Capital Hill Hotels Group London Limited has a receivable of £nil (2018 – £18,406k) due from and a payable of £nil (2018 – £5,776k) due to Capital Hill Hotels Group Europe Limited.

Capital Hill Hotels Group London Limited borrowed £84,383,146 (2018 – £87,155,874) and has a receivable of £944,939 (2018 – £1,186,018) due from Capital Hill Hotels Limited.

Morgans Hotel Group UK Management Limited charged Capital Hill Hotels Group London Limited a management fee of £1,537,739 (2018 – £1,612,112) and a chain fee of £1,057,196 (2018 – £1,108,327) relating to hotel management. Capital Hill Hotels Group London Limited has a receivable of £198 (2018 – £2,007) due from and payable of £292,138 (2018 – £354,253) due to Morgans Hotel Group UK Management Limited.

Salary costs relating to employees of Morgans Hotel Group are considered to be costs of key management personnel.

Capital Hill Hotels Group London Limited has a receivable of £nil (2018 – £5,499) due from and a payable of £111,352 (2018 – £41,113) due to Morgans Hotel Group LLC, a related party and parent of Morgans Hotel Group UK Management Limited.

Capital Hill Hotels Group London Limited has a receivable of £nil (2018 – £3,323) due from and a payable of £nil (2018 – £2,743) due to Mondrian London, which is also managed by Morgans Hotel Group UK Management Limited.

#### 22. Contingencies

There are no contingencies which are required to be disclosed.

#### 23. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a positive net asset value and has net current assets, which will allow the Company to meet its liabilities as they fall due. The Company does this by not distributing dividends unless the Company has sufficient cash to meet its ongoing obligations and commitments.

## Capital Hill Hotels Group London Limited

---

# Notes to the financial statements

31<sup>st</sup> December 2019

### 24. Subsequent Events

On the 7<sup>th</sup> January 2020 the company and its immediate parent company; Capital Hill Hotels Group Europe Limited were sold to Green UK Bidco Ltd, a company controlled by Vivion Investments S.a.r.l. The £84m loan due to the company's former parent company; Capital Hill Hotels Limited was settled as part of the sale transaction.

On 11 March 2020, the World Health Organization raised the public health emergency situation caused by the outbreak of the coronavirus (COVID-19) to an international pandemic. The rapid evolution of events, nationally and internationally, represents an unprecedented health crisis, which will impact the macroeconomic environment and the operation of the business. The Company has been impacted by the UK government restrictions including the closure of the hotels from 23 March 2020 to 1 October 2020 for St. Martin's Lane Hotel and 23 March 2020 to date for the Sanderson hotel. St Martins Lane closed again in November following the second national lockdown and it is expected that both hotels will reopen in the early 2021. 2021.

Whilst as of the date of this report, certain global regions have begun to see recovery in operations after the pandemic, COVID-19 may have a detrimental impact on the results of the Company for some time to come. Given the complexity of the situation and its rapid evolution, it is not practicable as of the date of approval of these financial statements to reliably make a quantified estimate of its potential impact on the Company. As such impact will be reflected in the financial statements for the year ending 31 December 2020 and is considered to be a non-adjusting post balance sheet event for the year ending 31 December 2019.

The Directors have evaluated all material subsequent events through the date the financial statements were issued and no material events have occurred subsequent to 31 December 2019 which require disclosure.