

**QUEENSGATE GENERATOR PROPERTIES LTD**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2019**

TUESDAY



\*AAXFILP6\*

A17

08/02/2022

#12

COMPANIES HOUSE

**INDEX TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2019

---

	<i>Pages</i>
Company Information	1
Strategic Report	2
Directors' Report	3-4
Statement of Directors' Responsibilities	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Notes to the Financial Statements	9-19

**COMPANY INFORMATION**

For the year ended 31 December 2019

---

**DIRECTORS**

Andre Guettouche  
Alastair Thomann  
Sharn Gill (resigned 7 September 2020)  
Jonathan Millet (resigned 23 October 2020)  
Jueane Thiessen

**REGISTERED OFFICE**

Macnaughton House  
Compton Place, London  
United Kingdom  
WC1H 9SD

**REGISTERED NUMBER**

06310563 (England and Wales)

**INCORPORATION DATE**

12 July 2007

**STRATEGIC REPORT**

For the year ended 31 December 2019

---

**REVIEW OF THE BUSINESS**

The Company is a non-trading investment entity, with significant related party investments, loans and borrowings. The loss was primarily driven by finance costs in the period in excess of finance income.

The loss for the year attributable to shareholders amounts to £1,519,197 (2018: £1,226,614) and is detailed on the Statement of Comprehensive Income. Shareholders' funds have decreased by the corresponding amount.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Company operates in a highly competitive environment and is therefore exposed to actions from existing and new entrants to the market. This is overcome by a strong brand and a number of activities that differentiate the Company's offer, including marketing campaigns, public relations actions, a strong social media presence, and investment in the estate.

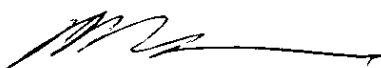
**KEY PERFORMANCE INDICATORS**

The business is an investment holding company and continues to fund the expansion of its subsidiary undertakings. The Directors use the performance of the hostels within the Group as a key performance indicator, as this conveys the underlying value of the Company's investments.

KPIs	2019	2018
Occupancy (Beds)	78.80%	79.85%
ABR – Average Bed Rate	£27.04	£25.07
RevPAB - Revenue Per Available Bed	£21.32	£20.01

The Directors also consider pre-tax loss as a key performance indicator. In 2019 this was £1,831,506 (2018: £1,334,791).

By order of the Board



Alastair Thomann  
Director

Date 03/02/22

**DIRECTORS' REPORT**

For the year ended 31 December 2019

---

The Directors submit their report and the financial statements of the Queensgate Generator Properties Limited (the "Company") for the year ended 31 December 2019.

**RESULTS AND DIVIDENDS**

The results for the year are set out on page 6. The Directors do not recommend a payment of a dividend for the year (2018: £nil).

**FUTURE DEVELOPMENTS**

Following the significant impact of COVID-19 across all sites in 2020, the short-term focus of the Queensgate Generator S.à r.l Group (the Group) is restoring revenue and profitability to historic levels.

However, the Group is always reviewing potential development of existing assets. Other opportunities for growth are also being considered as the Group looks to expand the Freehand brand into the European market.

**PRINCIPAL RISKS AND UNCERTAINTIES INCLUDING FINANCIAL INSTRUMENTS**

The Company is a non-trading investment entity, with significant related party investments, loans and borrowings. This activity exposes the Company to credit risk, foreign exchange risk, liquidity risk and interest rate risk for long-term borrowings. Further details regarding financial risk factors can be found in the notes to the financial statements (see Note 1.10).

**DIRECTORS**

The following Directors have held office since 1 January 2019:

Andre Guettouche

Alastair Thomann

Sharn Gill (appointed 12 August 2019; resigned 7 September 2020)

Jonathan Millet (appointed 12 August 2019; resigned 23 October 2020)

Jueane Thiessen (appointed 12 August 2019)

**POST BALANCE SHEET EVENTS**

The COVID-19 outbreak in Q1 2020 has had a significant impact on the operations of the Group after the year end, as it has on hostels and hotels around the world. There were breaches to loan covenants for the main Group facility (for the quarter ending September 2020) and Italian facility (for the quarters ending June and September 2020).

Post year-end financing has been received from shareholders and local Government's (in the form of grants, payroll assistance and loan funding). Additional debt funding is also expected to be received from new lenders imminently. The Group is fortunate to benefit from the strong support of its lenders and its shareholders and the Group's main European and US facilities are due to be extended and covenant waivers obtained where necessary, although this is yet to be formally agreed.

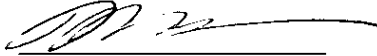
There are no other events or matters required to be disclosed in the financial statements.

**DIRECTORS' REPORT**

For the year ended 31 December 2019

---

By order of the Board



Alastair Thomann  
Director

Date 03/02/22

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

For the year ended 31 December 2019

---

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice), comprising Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101).

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 United Kingdom Accounting Standards, comprising FRS101, 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 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.

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2019

	Notes	Year to 31 December 2019 GBP	Year to 31 December 2018 GBP
Administration expenses	2	(1,152)	(62,410)
Operating loss		(1,152)	(62,410)
Finance costs	3	(7,053,932)	(5,393,627)
Finance income	4	5,223,578	4,121,246
Loss before tax		(1,831,506)	(1,334,791)
Income tax	5	312,309	108,177
<b>Loss for the year attributable to the shareholders</b>		<b>(1,519,197)</b>	<b>(1,226,614)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss attributable to the shareholders</b>		<b>(1,519,197)</b>	<b>(1,226,614)</b>

The loss for the year arises from the Company's continuing operations.

*The accompanying notes form an integral part of these financial statements.*



**Queensgate Generator Properties Ltd****STATEMENT OF FINANCIAL POSITION**

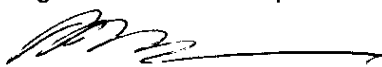
For the year ended 31 December 2019

		<b>31 December 2019</b>	<b>31 December 2018</b>
	<b>Notes</b>	<b>GBP</b>	<b>GBP</b>
<b>ASSETS</b>			
<b>Non-current</b>			
Investments and other financial assets	6	104,142,225	103,623,250
<b>Current</b>			
Other receivables	7	591,924	277,757
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables	8	65,397	63,155
<b>Non-current</b>			
Interest bearing long-term loans	9	116,365,508	114,015,411
<b>NET LIABILITIES</b>		<b>(11,696,756)</b>	<b>(10,177,559)</b>
<b>EQUITY</b>			
Share capital	10	1,000	1,000
Retained earnings		(11,697,756)	(10,178,559)
<b>TOTAL EQUITY</b>		<b>(11,696,756)</b>	<b>(10,177,559)</b>

**Registered Company Number: 06310563**

For the year ending 31 December 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies. The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts. These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the Board on 03/02/20 and signed on its behalf by:



Alastair Thomann  
Director

*The accompanying notes form an integral part of these financial statements.*

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2019

	Share capital GBP	Retained earnings GBP	Total equity GBP
At 1 January 2018	1,000	(8,951,945)	(8,950,945)
Loss for the year	-	(1,226,614)	(1,226,614)
At 31 December 2018	1,000	(10,178,559)	(10,177,559)
Loss for the year	-	(1,519,197)	(1,519,197)
At 31 December 2019	1,000	(11,697,756)	(11,696,756)

*The accompanying notes form an integral part of these financial statements.*

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

---

### GENERAL INFORMATION

Queensgate Generator Properties Ltd (the "Company") is a Private Limited Company, limited by shares, domiciled and incorporated in England and Wales. The Company's principal activity is to act as a holding and investment company. The Company's registered office is Macnaughton House, Compton Place, London, United Kingdom, WC1H 9SD.

### 1 ACCOUNTING POLICIES

#### 1.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared in accordance with the historical cost convention, as modified for financial assets and financial liabilities at fair value through profit or loss, and in accordance with the Companies Act 2006.

In accordance with FRS 101, the Company has taken advantage of the exemptions from the following disclosure requirements;

- IAS 1 'Presentation of Financial Statements' – *Comparative reconciliations of the opening and closing number of shares and carrying amounts of property, plant and equipment, and intangible assets, objectives, policies and processes for managing capital.*
- IAS 7 'Statement of Cash Flows' – *Presentation of a Statement of Cash Flow and related notes.*
- IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' – *IFRSs that will impact future periods.*
- IAS 24 'Related Party Disclosures' – *Compensation for key management personnel.*
- IAS 36 'Impairment of Assets' – *Key assumptions in the measurement of the recoverable amount of assets and reasonable changes in those assumptions that result in impairment, where recoverable amount is based on fair value less costs of disposal; the valuation technique(s) used, and if fair value is not measured using a quoted price for an identical unit; the level in the fair value hierarchy, any change in the valuation technique(s) and the reason for the change.*
- IFRS 7 'Financial Instruments: Disclosures' – *Carrying amounts, fair values, interest income/expense and net gains/ losses for each category of financial instrument, risks associated with financial instruments (including management of risks, maximum credit risk, credit quality of financial assets, analysis of financial assets past due or impaired, maturity analysis for financial liabilities, sensitivity analysis for market risks).*
- IFRS 13 'Fair Value Measurement' – *The fair value hierarchy, fair value measurements, (including valuation technique(s) and inputs), if the highest and best use of a non-financial asset differs from its current use, the reason for non-recurring fair value measurements, for Level 3 fair value measurements; unrealised fair value gains/losses in the period, the valuation process and sensitivity analysis.*

The Company is a wholly owned subsidiary of Queensgate Generator S.a r.l. It is included in the consolidated financial statements of Queensgate Generator S.a r.l, which are publicly available at 15 Boulevard F.W. Raiffeisen, L-2411 Luxembourg. Therefore, the Company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2019

---

**1.2 FINANCING COSTS**

Financing costs comprise interest payable on borrowings calculated using the effective interest rate method. Attributable transaction costs are recognised initially in the carrying value of non-derivative financial instruments, and subsequently amortised using the effective interest rate method.

**1.3 FOREIGN CURRENCY TRANSLATION**

The financial statements of the Company are presented in Pound Sterling (GBP), which is the functional currency of the primary economic environment in which the Company operates.

Foreign currency transactions are recorded in the functional currency at the exchange rate prevailing on the date of the transaction. At each reporting date:

- monetary assets and liabilities denominated in foreign currencies are translated at year-end exchange rates. The related translation gains and losses are recorded in the statement of income for the year to which they relate;
- non-monetary assets and liabilities denominated in foreign currencies are recognised at the historical cost applicable at the date of the transaction.

**1.4 TAXATION**

Income tax expense represents the sum of the deferred tax and current tax payable.

*Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

*Deferred tax*

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be recognised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Where assets are not yet trading or where it is not certain that sufficient taxable profits will arise within two years deferred tax is not recognised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset recognised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

---

### *Current and deferred tax for the year*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### 1.5 FINANCIAL ASSETS

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial asset. Transaction costs that are directly attributable (other than financial assets or liabilities at fair value through profit or loss) are added to or deducted from the fair value as appropriate, on initial recognition.

#### *Fair value through profit or loss*

All of the Company's financial assets other than those which meet the criteria to be measured at amortised cost are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

#### *Financial assets at amortised cost*

Financial assets are subsequently measured at amortised cost where they are:

- financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset gives rise to specified dates to cash flows that are solely payments of principal and interest.

Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus cumulative interest, adjusted for any loss allowance.

#### *Impairment of financial assets*

The Company recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost, FVTOCI, lease receivables as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk.

The Company recognises lifetime ECL on all financial instruments where there has been a significant increase in credit risk since initial recognition. The assessment of whether lifetime ECL should be recognised is based on the likelihood or risk of default occurring since initial recognition.

Lifetime ECL represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. The 12-month ECL represent the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

In assessing whether the credit risk on a financial instrument has increased, the following shall be taken into account:

- Actual or expected significant deterioration in the financial instrument's external or internal credit rating; or

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

---

- Significant deterioration in external market conditions; or
- Existing or forecast adverse changes in business, financial or economic conditions that will impact the debtor's ability to meet debt obligations; or
- Actual or expected deterioration in the operating results of the debtor; or
- Actual or expected significant adverse changes in the regulatory or technological environment of the debtor that will impact the debtor's ability to meet debt obligations.

Certain categories of financial asset, such as trade receivables, are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the generally average credit period of 30 to 90 days, as well as observable changes in the national or local economic conditions that correlate with default on receivables.

### 1.6 FINANCIAL LIABILITIES AND EQUITY

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at fair value and subsequently held at amortised cost. Transaction costs that are directly attributable (other than financial assets or liabilities at fair value through profit or loss) are added to or deducted from the fair value as appropriate, on initial recognition.

### 1.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

### 1.8 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company applied IFRS 15 and IFRS 9 in the current period, with both standards being adopted from 1 January 2018. The nature and impact of the adoption of these new accounting standards are described below.

#### *IFRS 16 Leases*

With effect from 1 January 2019, the Company has adopted IFRS 16 'Leases'. Lessees are required to recognise on the statement of financial position 'right-of-use' assets which represent the right to use underlying assets during the lease term and a lease liability representing the minimum lease payment for all leases. Depreciation of 'right-to-use' assets and interest on lease liabilities is charged to the income statement, replacing the corresponding operating lease rentals.

The Company has adopted IFRS 16 using the 'modified retrospective approach' from 1 January 2019 and therefore the comparative information has not been restated as permitted under the specific transition provisions in the standard.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2019

---

- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and

The Company has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

The Company had no leases which resulted in an impact to the financial statements as at 31 December 2019.

#### 1.9 GOING CONCERN

The COVID-19 outbreak in Q1 2020 has had a significant impact on the operations of the hotels within the Queensgate Generator S.à r.l Group (the Group) after the year end, as it has on all hotels worldwide. It is too early to know the precise impact this will have on the short and medium term trading horizon as the situation continues to evolve and with different impacts and levels of support provided to businesses in the different countries in which the group operates.

However, the Group Directors are taking comprehensive steps to ensure that the business is able to continue in operation for the foreseeable future. Cost savings have been made wherever possible at both a marginal and fixed cost level, taking advantage of Government supported measures, such as loans and grants, furloughing of employees and tax deferral schemes for the period that these are available. Queensgate Generator has previously traded with strong EBITDA performance and it is the expectation of the Group Directors that normal operations will be able to resume relatively quickly once the restrictions in relation to COVID-19 and international travel are lifted with the group expecting to be ahead of many in the industry in terms of recovery.

The Company is a holding entity within the Group, but relies on the cashflows of entities within the wider Group. It is therefore, the status of the Group which is relevant in the assessment of the going concern assumption. The Group operates with five senior debt facilities, which in connection with the additional financing secured in February 2021, were amended to acknowledge and work with the adverse impact of COVID-19 restrictions, following breaches of covenants after the balance sheet date. At this time, it was ensured that covenants within the senior debt facilities were reset and not tested again until outside the review period. The prolonged restrictions in place in the key markets for the Group and the so called third wave of the pandemic across Europe, has resulted in forecasts being prepared which require additional cash financing to provide operational capital and to protect against further shocks.

The Group shareholders have been provided with the detailed forecasts for the business and have agreed to provide additional funding, of which only half is required in the base case scenarios. In downside stress tests, the case where the total cash support agreed is insufficient is deemed to be extremely unlikely, and so the Group Directors are confident that with the Group shareholder support in place the Group will be able to continue to trade and meet its liabilities as they fall due over a period of at least 12 months from the date of approval of these financial statements.

It should be noted, however, that there is currently no legal commitment from shareholders to provide the additional support which is required and so while the Group Directors have every confidence that this funding will be obtained, this is not certain. In the event that the funding were not obtained, then the Group would need to seek alternative financial support, which may not be achievable. As a result, a material uncertainty exists that may cast significant doubt on the Group's and the Parent company's

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

ability to continue as a going concern, and therefore, its ability to realise its assets and discharge its liabilities in the normal course of business.

The Directors of the Company have considered the situation of the Company with consideration to the larger Group and concluded that it is appropriate to prepare the financial statements using the going concern.

### 1.10 FINANCIAL RISK FACTORS

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value, interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

#### *Foreign exchange risk*

The Company has a Euro loan from the Parent company, along with payables and receivables due to/from Group undertakings in foreign currencies, which are exposed to changes in exchange rate fluctuations.

#### *Credit risk*

Credit risk is managed on the Group level, except for credit risk relating to accounts receivable balances. Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers.

#### *Liquidity risk*

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions.

## 2 ADMINISTRATION EXPENSES

Key administration expenses to users of the financial statements include:

	Year to 31 December 2019 GBP	Year to 31 December 2018 GBP
Audit fees	1,152	11,000
Corporation tax compliance	-	-
Other expenses	-	51,410
	<u>1,152</u>	<u>62,410</u>



**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2019

**3 FINANCE COSTS**

	Year to 31 December 2019 GBP	Year to 31 December 2018 GBP
Interest payable on related party borrowings	7,053,932	5,393,627

Interest bearing related party borrowings are subject to the interest rates of 3-6% (2018: 3-8%).

**4 FINANCE INCOME**

	Year to 31 December 2019 GBP	Year to 31 December 2018 GBP
Related party loans interest receivable	4,343,767	4,035,637
Foreign exchange gains/(losses) on related party loan	879,811	85,609
	<u>5,223,578</u>	<u>4,121,246</u>

The related party loans receivable are subject to the interest rates of 3-6% (2018: 3-6%).

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2019

**5 INCOME TAX**

	Year to 31 December 2019 GBP	Year to 31 December 2018 GBP
Current tax:		
UK corporation tax	(321,919)	(108,177)
Adjustments in respect of previous periods	9,610	-
Total current tax	<u>(312,309)</u>	<u>(108,177)</u>
Loss on ordinary activities before tax	(1,831,506)	(1,334,791)
Tax on loss on ordinary activities at standard corporation tax in UK of 19% (2018: 19%)	(347,986)	(253,610)
Effects of:		
Transfer pricing adjustment	134,025	131,661
Expenses not deductible for tax purposes	-	-
Deferred tax not recognized	-	13,772
Adjustment in respect of previous year	9,610	-
Other timing differences	<u>(107,958)</u>	<u>-</u>
	<u>(312,309)</u>	<u>(108,177)</u>

The Company has surrendered the benefit of its tax losses to its subsidiary for a consideration of £312,309 (2018: £108,177).

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2019

**6 INVESTMENTS AND OTHER FINANCIAL ASSETS**

	Shares in group undertaking GBP	Investment Loans GBP	Total GBP
At 1 January 2019	15,408,527	88,214,723	103,623,250
Addition	-	518,975	518,975
At 31 December 2019	15,408,527	88,733,698	104,142,225

Investment loans are not secured and attracted interest at rates 3-6% in 2019 (2018: 3-6%).

All investment loans mature in July 2023.

The Company holds more than 20% of the equity in the following companies:

Subsidiary	Incorporated	Holding of ordinary shares	Equity at 31 December 2019	Profit/(loss) for the year to 31 December 2019
Generator Hostel London Ltd	England and Wales	100%	GBP20,536,789	GBP2,748,701
Generator Hostel Berlin GmbH	Germany	100%	EUR7,201,764	EUR187,105
Generator Hostel Hamburg GmbH	Germany	100%	(EUR23,951,762)	(EUR2,357,862)
Generator Immobilienbesitz Hamburg GmbH	Germany	100%	EUR1,943,128	EUR1,081,210
Generator Berlin Mitte GmbH	Germany	100%	(EUR8,432,969)	(EUR455,431)

Subsidiaries	Registered address
Generator Hostel London Ltd	Macnaughton House, Compton Place, London, WC1H 9SD
Generator Hostel Berlin GmbH	Storkower Str. 160, 10407 Berlin, Germany
Generator Hostel Hamburg GmbH	Steintorplatz 3, 20099 Hamburg, Germany
Generator Immobilienbesitz Hamburg GmbH	Steintorplatz 3, 20099 Hamburg, Germany
Generator Berlin Mitte GmbH	Oranienburger Str. 65, 10117 Berlin

The financial statements of the Company and its direct and indirect subsidiaries are consolidated in the financial statements of Queensgate Generator S.a r.l (formerly: Patron Generator S.a r.l) the parent company for the entire group, and no consolidation is prepared at the Company's level. The consolidated financial statements of Queensgate Generator S.a r.l. are available at its registered office, 15 Boulevard F. W. Raiffeisen, L-2411, Luxembourg.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2019

**7 OTHER RECEIVABLES**

	<b>31 December 2019</b>	<b>31 December 2018</b>
	<b>GBP</b>	<b>GBP</b>
Due within one year		
Amounts owed by the related parties	590,893	277,320
Other debtors	1,031	437
	<u>591,924</u>	<u>277,757</u>

All balances are unsecured and interest free.

**8 TRADE AND OTHER PAYABLES**

	<b>31 December 2019</b>	<b>31 December 2018</b>
	<b>GBP</b>	<b>GBP</b>
Trade and other creditors	15,996	15,996
Amounts due to the Group undertakings	43,399	34,460
Accrual and deferred income	6,002	12,699
	<u>65,397</u>	<u>63,155</u>

All balances are unsecured and interest free.

**9 INTEREST BEARING LOANS**

	<b>31 December 2019</b>	<b>31 December 2018</b>
	<b>GBP</b>	<b>GBP</b>
<b>Interest bearing long-term loans</b>		
Amounts due to the related parties	<u>116,365,508</u>	<u>114,015,411</u>

Amounts due to the related parties are unsecured and subject to the interest rates of 3-6% (2018: 3-8%). The balance also includes interest free loan of £2.3m (2018: £2.3m). Long-term loans mature between 20 December 2022 and 1 July 2023.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

## 10 SHARE CAPITAL

	31 December 2019 GBP	31 December 2018 GBP
Allotted, issued and fully paid:		
1,000 ordinary shares of £1 each	1,000	1,000

### Ordinary shares

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.

## 11 CONTINGENT LIABILITY

At 31 December 2019, the net VAT consolidated liability from Generator Hostel London Limited is £57,711 (2018: £68,635). The Company has submitted a group VAT election and in the event that other members of the group are unable to pay, the Company is subsequently jointly responsible for paying/claiming all VAT due from the group.

## 12 ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent is Queensgate Fusion Holdco 1 Sarl. The Company's shareholder is Queensgate Generator S.a r.l (formerly: Patron Generator S.a r.l), a company registered in Luxembourg. Queensgate Generator S.a r.l is parent undertaking of the smallest and the largest group for which consolidated accounts are drawn up, and of which the Company is a member.

## 13 RELATED PARTY DISCLOSURE

The Company has taken advantage of the exemptions available under FRS101 not to disclose transactions with group companies where voting rights are wholly held within the group.

## 14 EVENTS AFTER THE END OF THE REPORTING PERIOD

The COVID-19 outbreak in Q1 2020 has had a significant impact on the operations of the Group after the year end, as it has on hostels and hotels around the world. There were breaches to loan covenants for the main Group facility (for the quarter ending September 2020) and Italian facility (for the quarters ending June and September 2020).

Post year-end financing has been received from shareholders and local Government's (in the form of grants, payroll assistance and loan funding). Additional debt funding is also expected to be received from new lenders imminently. The Group is fortunate to benefit from the strong support of its lenders and its shareholders and the Group's main European and US facilities are due to be extended and covenant waivers obtained where necessary, although this is yet to be formally agreed.

There are no other events or matters required to be disclosed in the financial statements.