

The Hoxton (Southwark) Limited

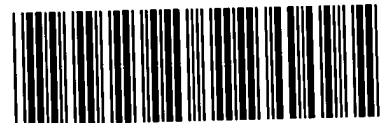
Annual Report and Financial Statements

Period Ended

31 March 2020

Company Number 08387847

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The Hoxton (Southwark) Limited

Company Information

Directors	S Pasricha L G Young
Registered number	08387847
Registered office	Third Floor 20 Old Bailey London EC4M 7AN
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

The Hoxton (Southwark) Limited

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The Hoxton (Southwark) Limited

Directors' Report for the Period Ended 31 March 2020

The directors present their report and the financial statements for the period ended 31 March 2020.

Directors' responsibilities

The directors are responsible for preparing 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 period. 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). Under company law the directors must not approve the financial statements unless 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 for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 to 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.

Principal activity

The principal activity of the company during the period was the construction and operation of a hotel in London trading as "The Hoxton Southwark". The hotel opened in September 2019.

Business review

The company made a loss for the period of £10,585,261 (31 December 2018 - £86,107) which takes into account an impairment of fixed assets of £3,509,011 (31 December 2018 - £nil).

Directors

The directors who served during the period were:

S Pasricha

L G Young

D G Caldecott (appointed 18 June 2019 and resigned 20 March 2020)

Qualifying indemnity provision was in place for each of the directors during the period.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The Hoxton (Southwark) Limited

Directors' Report (continued) for the Period Ended 31 March 2020

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Going concern

The Directors have considered the funding requirements of the business for the next twelve months, including considering the ongoing impact of COVID-19. On the basis of their assessment, the company has been prepared on a going concern basis, as explained in note 2.3.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



L G Young
Director

Date: 29 March 2021

The Hoxton (Southwark) Limited

Independent Auditor's Report to the Members of The Hoxton (Southwark) Limited

Opinion

We have audited the financial statements of The Hoxton (Southwark) Limited ("the company") for the 15 months period to 31 March 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

The Hoxton (Southwark) Limited

Independent Auditor's Report to the Members of The Hoxton (Southwark) Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

The Hoxton (Southwark) Limited

Independent Auditor's Report to the Members of The Hoxton (Southwark) Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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 at 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.



Mark RA Edwards (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date: 30 March 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

The Hoxton (Southwark) Limited

Statement of Comprehensive Income for the Period Ended 31 March 2020

	Note	15 months Ended 31 March 2020 £	Year ended 31 December 2018 £
Turnover	4	7,025,783	-
Cost of sales		(8,776,656)	-
Gross loss		(1,750,873)	-
Administrative expenses		(3,957,079)	(157,870)
Impairment of tangible fixed assets	3	(3,509,011)	-
Operating loss	5	(9,216,963)	(157,870)
Exchange loss		(5,504)	-
Interest receivable and similar income	8	35,632	14,445
Interest payable and similar charges	9	(2,809,803)	-
Loss before tax		(11,996,638)	(143,425)
Tax on loss	10	1,411,377	57,318
Loss for the period		(10,585,261)	(86,107)

All amounts relate to continuing operations.

There was no other comprehensive income for period ending 31 March 2020 (31 December 2018 - £Nil).

The notes on pages 9 to 21 form part of these financial statements.

The Hoxton (Southwark) Limited

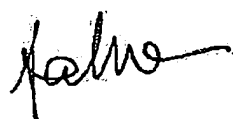
Registered number: 08387847

Statement of Financial Position as at 31 March 2020

	Note	31 March 2020 £	31 December 2018 £
Fixed assets			
Intangible assets	11	255,125	-
Tangible assets	12	145,326,912	114,159,436
		<u>145,582,037</u>	<u>114,159,436</u>
Current assets			
Stocks	13	138,257	-
Debtors	14	4,912,797	13,246,975
Cash and cash equivalents		2,337,766	1,665,078
		<u>7,388,820</u>	<u>14,912,053</u>
Creditors: amounts falling due within one year	15	<u>(3,002,356)</u>	<u>(3,234,027)</u>
Net current assets		<u>4,386,464</u>	<u>11,678,026</u>
Total assets less current liabilities		<u>149,968,501</u>	<u>125,837,462</u>
Creditors: amounts falling due after more than one year	16	<u>(159,005,332)</u>	<u>(125,113,299)</u>
Deferred tax	17	<u>(1,901,180)</u>	<u>(1,076,913)</u>
Net liabilities		<u>(10,938,011)</u>	<u>(352,750)</u>
Capital and reserves			
Share capital	18	1,000	1,000
Accumulated losses	19	<u>(10,939,011)</u>	<u>(353,750)</u>
		<u>(10,938,011)</u>	<u>(352,750)</u>

The company's financial statements 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 and were signed on its behalf by:



.....
L G Young
Director

Date: 29 March 2021

The notes on pages 9 to 21 form part of these financial statements.

The Hoxton (Southwark) Limited

Statement of Changes in Equity for the Period Ended 31 March 2020

	Share capital £	Accumulated losses £	Total equity £
At 1 January 2019	1,000	(353,750)	(352,750)
Total comprehensive loss for the period			
Loss for the period	-	(10,585,261)	(10,585,261)
At 31 March 2020	1,000	(10,939,011)	(10,938,011)

Statement of Changes in Equity for the Year Ended 31 December 2018

	Share capital £	Accumulated losses £	Total equity £
At 1 January 2018	1,000	(267,643)	(266,643)
Total comprehensive loss for the year			
Loss for the year	-	(86,107)	(86,107)
At 31 December 2018	1,000	(353,750)	(352,750)

The notes on pages 9 to 21 form part of these financial statements.

The Hoxton (Southwark) Limited

Notes to the Financial Statements for the Period Ended 31 March 2020

1. General information

The Hoxton (Southwark) Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and principal activity are set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland "FRS 102" and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Norlake Hospitality Limited as at 31 March 2020 and these financial statements may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

2.3 Going concern

At the reporting date, the company had net liabilities of £10,938,011 (31 December 2018 - £352,750). The company's parent group has committed to provide support to ensure the company can meet its liabilities as they fall due. The directors have considered the ability and willingness of the parent group to provide continued support to the company and have concluded they are satisfied it is appropriate to prepare the accounts on a going concern basis.

The Hoxton (Southwark) Limited

Notes to the Financial Statements for the Period Ended 31 March 2020

2. Accounting policies (*continued*)

2.4 Turnover

The turnover shown in the statement of comprehensive income represents amounts receivable during the period, exclusive of Value Added Tax. The company has derived its turnover from the operation of a hotel in London. Room revenue is the main source of turnover for the company which is recognised over the period the rooms are occupied. Other income is recognised when services are rendered and an invoice is raised to the customer.

2.5 Intangible assets

Computer software

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years. The useful life for computer software has been assessed to be 3 years.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold land	- Nil
Buildings	- 50 years
Fixtures and fittings	- 10 years
Office equipment	- 3 years
Assets under construction	- Nil

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost represents the purchase price of goods for resale.

The Hoxton (Southwark) Limited

Notes to the Financial Statements for the Period Ended 31 March 2020

2. Accounting policies (*continued*)

2.8 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.10 Cash and cash equivalents

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

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

The Hoxton (Southwark) Limited

Notes to the Financial Statements for the Period Ended 31 March 2020

2. Accounting policies (*continued*)

2.13 Interest income

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

2.14 Interest payable

Interest payable is recognised in the statement of comprehensive income on an accruals basis. Interest payable is allocated to the cost of assets under construction until the date the asset opens for trade.

2.15 Reporting period

The financial statements are prepared for the period 1 January 2019 to 31 March 2020, a fifteen month period. The period was extended in order to achieve a co-terminus period end with its parent company. The comparative amounts presented in the financial statements (including related notes) are therefore not entirely comparable.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset. An impairment charge of £3,509,011 (31 December 2018 - £nil) has been recorded against the company's tangible fixed assets. The directors have based their assessment on the carrying value on their expected value in use from future trading and a comparison of this to an external valuation obtained. The directors and the external valuers note that COVID-19 has presented an unprecedented set of circumstances across the globe and given the unknown future impact that it may have on the real estate market, there is a higher level of judgement and hence less certainty attached to the value held at the balance sheet date.

Other key sources of estimation uncertainty:

- Tangible fixed assets (see note 12)
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

The Hoxton (Southwark) Limited

Notes to the Financial Statements for the Period Ended 31 March 2020

4. Analysis of turnover

All turnover arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

	15 months ended 31 March 2020 £	Year ended 31 December 2018 £
Depreciation of tangible fixed assets	1,216,242	-
Impairment of tangible fixed assets	3,509,011	-
Amortisation of intangible assets	50,685	-
Defined contribution pension cost	69,073	-
	<u> </u>	<u> </u>

During the period, no director received any emoluments (31 December 2018 - £nil). All directors' emoluments are borne by another group company.

6. Auditor's remuneration

	15 months ended 31 March 2020 £	Year ended 31 December 2018 £
Fees payable to the company's auditor for the audit of the company's annual accounts	10,000	11,339
	<u> </u>	<u> </u>

Non audit fees are disclosed in the consolidated financial statements of the parent company, Norlake Hospitality Limited.

The Hoxton (Southwark) Limited

Notes to the Financial Statements for the Period Ended 31 March 2020

7. Employees

Staff costs were as follows:

	15 months ended 31 March 2020 £	Year ended 31 December 2018 £
Wages and salaries	4,149,338	-
Social security costs	346,635	-
Cost of defined contribution scheme	69,073	-
	<u>4,565,046</u>	<u>-</u>

The average monthly number of employees during the period was as follows:

	15 months ended 31 March 2020 Number	Year ended 31 December 2018 Number
Administrative staff	137	-
Management staff	7	-
	<u>144</u>	<u>-</u>

8. Interest receivable and similar income

	15 months ended 31 March 2020 £	Year ended 31 December 2018 £
Other interest receivable	35,632	14,445
	<u>35,632</u>	<u>14,445</u>

9. Interest payable and similar expenses

	15 months ended 31 March 2020 £	Year ended 31 December 2018 £
Interest payable on loans from group undertakings	2,809,803	-
	<u>2,809,803</u>	<u>-</u>

The Hoxton (Southwark) Limited

Notes to the Financial Statements for the Period Ended 31 March 2020

10. Taxation

	15 months ended 31 March 2020 £	Year ended 31 December 2018 £
Corporation tax		
Adjustments in respect of previous periods	(22,338)	(800)
Group taxation relief	(2,213,306)	(566,972)
Total current tax	(2,235,644)	(567,772)
Deferred tax		
Origination and reversal of timing differences	804,304	509,743
Adjustments in respect of prior periods	19,963	711
Total deferred tax	824,267	510,454
Taxation on loss on ordinary activities	(1,411,377)	(57,318)

Factors affecting tax credit for the period

The tax assessed for the period is higher than (31 December 2018 - lower than) the standard rate of corporation tax in the UK of 19.00% (31 December 2018 - 19.00%). The differences are explained below:

	15 months ended 31 March 2020 £	Year ended 31 December 2018 £
Loss on ordinary activities before tax	(11,996,638)	(143,425)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (31 December 2018 – 19.00%)	(2,279,361)	(27,251)
Effects of:		
Fixed asset differences	138,858	-
Expenses not deductible for tax purposes	743,570	26
Additional deduction for land remediation expenditure	(51,896)	-
Group relief surrendered	2,213,306	566,972
Receipt for group relief	(2,213,306)	(566,972)
Adjustment to tax charge in respect of prior periods	(22,338)	(800)
Adjustment to tax charge in respect of prior periods – deferred tax	19,963	711
Deferred tax not recognised	(79,826)	26,811
Adjustment to deferred tax due to change in rates	119,653	(56,815)
Total tax credit for the period	(1,411,377)	(57,318)

The Hoxton (Southwark) Limited

Notes to the Financial Statements for the Period Ended 31 March 2020

11. Intangible assets

	Computer software £
Cost	
Additions	305,810
	<hr/>
At 31 March 2020	305,810
	<hr/>
Amortisation	
Charge for the period	50,685
	<hr/>
At 31 March 2020	50,685
	<hr/>
Net book value	
At 31 March 2020	225,125
	<hr/>

The Hoxton (Southwark) Limited

Notes to the Financial Statements for the Period Ended 31 March 2020

12. Tangible fixed assets

	Land and buildings £	Fixtures and fittings £	Office equipment £	Assets under construction £	Total £
Cost					
At 1 January 2019	37,266,880	-	-	76,892,556	114,159,436
Additions	-	-	-	35,892,729	35,892,729
Transfers	105,914,544	6,509,675	361,066	(112,785,285)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2020	143,181,424	6,509,675	361,066	-	150,052,165
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 January 2019	-	-	-	-	-
Charge for the period	1,004,294	186,981	24,967	-	1,216,242
Impairment (see note 3)	3,509,011	-	-	-	3,509,011
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At 31 March 2020	4,513,305	186,981	24,967	-	4,725,253
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 March 2020	138,668,119	6,322,694	336,099	-	145,326,912
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	37,266,880	-	-	76,892,556	114,159,436
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During the period, interest costs of £2,966,389 (31 December 2018 - £3,116,076) were capitalised into the value of the asset under construction.

13. Stocks

	31 March 2020 £'000	31 December 2018 £'000
Consumables stores	138,257	-
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Stock recognised in cost of sales during the period as an expense was £1,368,556 (31 December 2018 - £nil).

The Hoxton (Southwark) Limited

Notes to the Financial Statements for the Period Ended 31 March 2020

14. Debtors

	31 March 2020 £	31 December 2018 £
Trade debtors	414,137	-
Amounts owed by group undertakings	3,355,468	1,119,824
Other debtors	195,518	9,825,954
VAT recoverable	947,674	2,301,197
	4,912,797	13,246,975

Amounts owed by group undertakings relate to group relief payments. These balances are non-interest bearing and are repayable on demand.

15. Creditors: Amounts falling due within one year

	31 March 2020 £	31 December 2018 £
Trade creditors	677,197	3,103,703
Other taxation and social security	131,930	-
Other creditors	332,402	33,900
Accruals and deferred income	1,860,827	96,424
	3,002,356	3,234,027

16. Creditors: Amounts falling due after more than one year

	31 March 2020 £	31 December 2018 £
Amounts owed to group undertakings	159,005,332	125,113,299

The loan is due for repayment four years following the practical completion of the company's development in September 2019.

The loan is subject to a floating interest rate of the Bank of England base rate plus a margin of 2.5%.

The loan is secured against the land and buildings held by the company. Interest arising on this loan balance is capitalised into the value of the asset under construction until practical completion after which it is expensed to the Statement of Comprehensive Income.

The Hoxton (Southwark) Limited

Notes to the Financial Statements for the Period Ended 31 March 2020

17. Deferred taxation

	31 March 2020 £	31 December 2018 £
At beginning of period	(1,076,913)	(566,459)
Charged to the statement of comprehensive income	(824,267)	(510,454)
At end of period	(1,901,180)	(1,076,913)
The provision for deferred taxation is made up as follows:		
	31 March 2020 £	31 December 2018 £
Accelerated capital allowances	(1,912,286)	(1,076,913)
Short term timing differences	11,106	-
	(1,901,180)	(1,076,913)

The company has estimated pre-trading expenditure of £nil (31 December 2018 - £469,563) available for carry forward against future trading profits. Management has not recognised a deferred tax asset on pre-trading expenditure costs due to uncertainty in generating future taxable profits.

18. Share capital

	31 March 2020 £	31 December 2018 £
Allotted, called up and fully paid		
950 A ordinary shares of £1 each	950	950
50 B ordinary shares of £1 each	50	50
	1,000	1,000

At 31 March 2020, 100% of the A Ordinary shares, representing 95% of the ordinary share capital, is held by Norlake Hospitality Limited. The remaining 5% of the ordinary share capital is represented by B Ordinary shares issued to a related party. The B Ordinary shares hold voting rights equivalent to 5% of the voting capital, but do not carry dividend rights. The right of the B Ordinary shares are further set out in the Articles of Association of the company available from Companies House.

19. Reserves

Share Capital

Share capital represents the nominal value of the shares issued.

Accumulated losses

This represents cumulative profits or losses, net of dividends paid and other adjustments.

The Hoxton (Southwark) Limited

Notes to the Financial Statements for the Period Ended 31 March 2020

20. Capital commitments

At 31 March 2020 the company had capital commitments as follows:

	31 March 2020 £	31 December 2018 £
Contracted for but not provided in these financial statements	1,665,881	14,525,337

The capital commitments at both period ends are in relation to the development of the hotel.

21. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £69,073 (31 December 2018 - £nil). Contributions totalling £58,451 (31 December 2018 - £nil) were payable to the fund at the reporting date.

22. Post balance sheet events

In November 2020, the company entered into a loan facility which was used to partially repay amounts owed to group undertakings. This loan is secured by fixed and floating charges over the property and assets of the company and related parties by way of cross-guarantees. The bank loan is repayable in full in December 2021 and accrues interest at a rate of LIBOR plus 2.0%.

23. Related party transactions

At 31 March 2020, the company owed £159,005,332 (31 December 2018 - £125,113,299) to Norlake Hospitality Limited, the immediate parent company. This amount is included within amounts owed to group undertakings falling due after more than 1 year. Interest of £5,776,192 (31 December 2018 - £3,116,076) was charged on this balance during the period of which £2,966,389 (31 December 2018 - £3,116,076) was capitalised. Norlake Hospitality Limited further charged the company £nil (31 December 2018 - £28,200) during the period in respect of management fees.

At 31 March 2020, the company was owed by subsidiaries of the Bharti Global Limited group £3,355,468 (31 December 2018 - £1,119,824) in respect of group relief payments.

The company is related to Ennismore International Management Limited ('Ennismore') by virtue of the fact that Ennismore is controlled by a director of the company. During the period, Ennismore charged the company £1,344,536 (31 December 2018 - £823,360) in respect of management and other services and £1,839,268 (31 December 2018 - £269,262) in respect of expense recharges. At 31 March 2020, the company owed £219 (31 December 2018 - £24,525) to Ennismore in respect of these transactions.

The Hoxton (Southwark) Limited

Notes to the Financial Statements for the Period Ended 31 March 2020

24. Controlling party

The company is a subsidiary undertaking of Norlake Hospitality Limited, a company registered in England and Wales. The ultimate parent company is Bharti Overseas Private Limited. In the opinion of the directors there is no single ultimate controlling party.

The largest group in which the results the company are consolidated is that headed by Bharti Overseas Private Limited, a company incorporated in India. Copies of the Bharti Overseas Private Limited consolidated accounts are available to the public and may be obtained from the Ministry of Corporate Affairs, India. The smallest group in which the results are consolidated is that headed by Norlake Hospitality Limited, a company registered in England and Wales. The consolidated accounts of Norlake Hospitality Limited are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.