

Company Registration No. 9657187

**FULL MOON HOLDCO 7 LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**



# **FULL MOON HOLDCO 7 LIMITED**

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# **FULL MOON HOLDCO 7 LIMITED**

## **COMPANY INFORMATION**

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### **DIRECTORS**

Craig Bonnar (Appointed 31 December 2020)  
Joanna Boydell

### **COMPANY SECRETARY**

Joanna Boydell  
Katherine Thomas

### **REGISTERED OFFICE**

Sleepy Hollow  
Aylesbury Road  
Thame  
Oxfordshire  
OX9 3AT

### **BANKERS**

Barclays PLC  
1 Churchill Place  
London  
E14 5HP

### **SOLICITORS**

Addleshaw Goddard  
Milton Gate  
60 Chiswell Street  
London  
EC1Y 4AG

### **INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place  
London  
WC2N 6RH

## **FULL MOON HOLDCO 7 LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

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The Directors present their Strategic Report of Full Moon Holdco 7 Limited ("the company") for the year ended 31 December 2020.

#### **Position, Developments, Performance, and Business Review**

There were no developments during the year. The company continued to be a holding company within the consolidated group of Thame and London Limited ("the Group") and as such it is not considered that there are any company specific key performance indicators. The results of the company are set out in the directors' report and included within the consolidated financial statements of Thame and London Limited. The key performance indicators are managed at a group level and are disclosed in the Group financial statements which are publicly available.

In the financial year to 31 December 2020, exceptional charges of £nil were incurred in relation to the restructuring of the Group's debt (2019: £16.1m).

#### **Principal risks and uncertainties**

The principal risks and uncertainties to which the company is exposed are as follows:

Interest rate risk: The company finances its operations through borrowings. The company borrows at fixed and floating rates. The company manages its interest risk through a periodic review of interest rates. The interest rates are reviewed against the forward interest rates curve.

Approved by the Board of Directors and signed by order of the Board



Joanna Boydell  
**Company Secretary**

23 April 2021

## **FULL MOON HOLDCO 7 LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

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The Directors present their Annual Report and the audited financial statements of the company for the year ended 31 December 2020.

#### **Principal activities**

The company is principally engaged as the holding company within the Thame and London Limited consolidated group of companies ("the Group").

#### **Results and dividends**

The company made an operating result for the year ended 31 December 2020 of £nil (2019: £16.1m loss), and after taking account of interest receivable and interest payable, a loss before taxation for the financial year of £39.9m (2019: £56.4m loss).

The Directors do not recommend the payment of a dividend (2019: £nil).

#### **Future Prospects**

The Directors expect the general level of activity to remain at 2020 levels.

#### **Principal risks and uncertainties**

The principal risks and uncertainties to which the company is exposed are set out in the strategic report.

#### **Directors**

The Directors, who served throughout the year and up to the date of signing the financial statements, were as follows:

Craig Bonnar (Appointed 31 December 2020)

Joanna Boydell

Peter Gowers (Resigned 31 December 2020)

#### **Directors' Indemnity Insurance**

The Group maintains qualifying third party indemnity insurance in respect of Directors and Officers against any such liabilities as referred to in Section 234 of the Companies Act 2006. This insurance was in force during the financial year and also at the date of approval of the financial statements.

#### **Going Concern**

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate controlling parent company Thame and London Limited. The Directors have received confirmation that Thame and London Limited intends to support the company for at least one year after these financial statements are signed. However, we are likely to continue to be subject to the impact of Covid-19 and at this stage, we are unable to predict with any certainty the extent or duration of this impact on the Group. There are severe but plausible downside scenarios in which the Group and Company would not have adequate resources to continue as a going concern for the foreseeable future. This indicates the existence of a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern. The Consolidated Financial Statements, as drafted, do not include the adjustments that would result if the Group or Company were unable to continue as a going concern. The Financial Statements, as drafted, do not include the adjustments that would result if the Group was unable to continue as a going concern. Further disclosure can be found in Note 2.1 of the Thame and London Limited financial statements.

Approved by the Board of Directors and signed by order of the Board



Joanna Boydell  
**Company Secretary**

23 April 2021

## **FULL MOON HOLDCO 7 LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 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.

#### **Directors' confirmations**

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board



Joanna Boydell  
**Director**

23 April 2021



# Independent auditors' report to the members of Full Moon Holdco 7 Limited

## Report on the audit of the financial statements (continued)

### Opinion

In our opinion, Full Moon Holdco 7 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2020; the Statement of Income and Retained Earnings for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.9 to the financial statements concerning the Company's ability to continue as a going concern. The Company is reliant on the support of its parent Company, Thame and London Limited ("the Parent Company") and a letter of support is in place to provide financial support to the Company if required. The following paragraphs describe the material uncertainty related to the going concern of the Parent Company and its subsidiaries ("the Group") and hence to the Company.

The global pandemic has had a significant impact on the hotel sector, with the Group's hotels being closed for a significant period during 2020 and 2021 to date. The Group entered into a CVA in June 2020, as part of which it negotiated a significant rent reduction of £140m from Q2 2020 to the end of 2021, fully drew down on its existing facilities, obtained additional funding and took advantage of government support schemes as outlined in note 2.1 of the Thame and London Limited financial statements. The Group agreed covenant waivers on pre-existing financial covenants until September 2021 and agreed revised covenant terms with its lenders. The revised revolving credit facility introduces a £10m minimum liquidity covenant for the period of the net leverage covenant waiver and the new super senior facility also has the £10m minimum liquidity covenant and a new minimum EBITDA covenant, tested from June 2022. In light of the ongoing global pandemic, there remain significant uncertainties over the short term in respect of the impact that this will continue to have on the group and the wider industry in which it operates.

Management's basis of preparation in note 2.1 to the Thame and London Limited financial statements sets out the key assumptions in respect of both the base case and severe but plausible downside forecasts.



# Independent auditors' report to the members of Full Moon Holdco 7 Limited

## Report on the audit of the financial statements (continued)

In respect of the base case, this currently forecasts sufficient liquidity for the going concern period, however it is sensitive to the timing of the easing of government restrictions and the speed of recovery of demand for hotel accommodation as well as any further increases in government restrictions as a result of Covid-19, including further lockdowns in the going concern period. In the event of any of these downsides transpiring then changes to the minimum liquidity or leverage covenants and further liquidity may be required in December 2021, or earlier if there is a combination of factors or a longer lockdown as detailed in the severe but plausible downside scenarios outlined in note 2.1 to the Thame and London Limited financial statements.

These conditions, along with the other matters explained in note 2.1 to the Thame and London Limited financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

### *Audit procedures performed*

Our evaluation of the directors' assessment of the group's and company's ability to continue to adopt the going concern basis of accounting included:

- obtaining the directors' paper and supporting models that support the assessment and conclusions with respect to the going concern status of the group and company;
- reviewing the letter of support from the Parent Company to confirm that this financial support applies for a period of at least a year from the date of signing these financial statements; and
- evaluating the directors' assessment of the estimated speed of recovery of demand for hotel accommodation and the potential impact of further government restrictions as a result of Covid-19 including further lockdowns, changes to the timing of contractual cash flows, and the ability of the group to manage costs, agreeing to evidence where available and ensuring they align to our understanding of the business.

In assessing the impact of the scenarios referred to in note 2.1 of the Thame and London Limited financial statements we performed the following procedures on the Directors' assessment that the group and company will continue as a going concern:

- agreed the underlying cash flow projections to management approved forecasts, and assessed how these forecasts are compiled;
- checked the mathematical accuracy of the spreadsheet used to model future financial performance;
- assessed the accuracy of management's forecasts by reviewing historical performance against budget, current year to date performance and bookings and in the context of third-party industry and analysts' reports where available;
- applied appropriate sensitivities to the growth projections were required;
- assessed the impact of the mitigating factors available to management in respect of reducing cash flows over the going concern period;
- reviewed loan agreements and terms and ensured covenant calculations were in line with the agreements and determined in what circumstances there was a risk that the covenants may be breached; and
- assessed whether the disclosures in the financial statements reflect the going concern assessment and adequately explain the material uncertainty.

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



# Independent auditors' report to the members of Full Moon Holdco 7 Limited

## Report on the audit of the financial statements (continued)

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

### Auditors' 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 auditors' 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



# Independent auditors' report to the members of Full Moon Holdco 7 Limited

## Report on the audit of the financial statements (continued)

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation and Data Protection Regulation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate reported results and management bias in accounting estimates. Audit procedures performed included:

- Evaluating management's controls designed to prevent and detect irregularities;
- Making enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations;
- Reviewing Board meeting and other minutes to identify any non-compliance;
- Challenging assumptions and judgements made by management in significant accounting estimates; and
- Testing unusual or unexpected journal entries.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or



# Independent auditors' report to the members of Full Moon Holdco 7 Limited

## Report on the audit of the financial statements (continued)

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

A handwritten signature in black ink, appearing to be 'Nigel Reynolds'.

Nigel Reynolds (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
23 April 2021

## FULL MOON HOLDCO 7 LIMITED

### STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £m	2019 £m
<b>OPERATING RESULT / (LOSS)</b>	3	-	(16.1)
Interest receivable and similar income	4	0.9	-
Interest payable and similar expenses	5	(40.8)	(40.3)
<b>LOSS BEFORE TAXATION</b>		<u>(39.9)</u>	<u>(56.4)</u>
Tax on loss	6	-	(0.5)
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(39.9)</u>	<u>(56.9)</u>
Accumulated losses at 1 January	12	(195.1)	(138.2)
<b>ACCUMULATED LOSSES AT 31 DECEMBER</b>		<u>(235.0)</u>	<u>(195.1)</u>

There were no recognised gains or losses for the years other than as shown above. There is no material difference between the loss before taxation and the loss for the current and prior financial years stated above and their historical cost equivalents.

All results are derived from continuing operations.

# **FULL MOON HOLDCO 7 LIMITED**

## **STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020**

	Notes	2020 £m	2019 £m
<b>FIXED ASSETS</b>			
Investments	7	<u>800.0</u>	<u>800.0</u>
		<u>800.0</u>	<u>800.0</u>
<b>CURRENT ASSETS</b>			
Derivative financial instruments	8	0.0	0.3
Debtors	9	<u>9.1</u>	<u>9.1</u>
		<u>9.1</u>	<u>9.4</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	10	(644.7)	(605.1)
<b>NET CURRENT LIABILITIES</b>		<u>(635.6)</u>	<u>(595.7)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>164.4</u>	<u>204.3</u>
<b>NET ASSETS</b>		<u>164.4</u>	<u>204.3</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	399.4	399.4
Accumulated losses	12	<u>(235.0)</u>	<u>(195.1)</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	13	<u>164.4</u>	<u>204.3</u>

The financial statements on pages 10 to 19 were approved by the Board of Directors on 23 April 2021 and signed on its behalf by:



Joanna Boydell  
**Director**

23 April 2021

Full Moon Holdco 7 Limited

Company registration number 9657187

## **FULL MOON HOLDCO 7 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **1 ACCOUNTING POLICIES**

Full Moon Holdco 7 Limited is a private company limited by share capital incorporated and domiciled in the United Kingdom. The address of its registered office is disclosed on page 1. The principal place of business is Sleepy Hollow, Aylesbury Road, Thame OX9 3AT. The company is a financing company within the Group.

##### **1.1 Basis of Accounting**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS102) with certain exemptions of the reduced disclosure framework applied as detailed below. FRS102 was adopted by the company from incorporation. Sections 11 and 12 of FRS102 have been applied in respect of the recognition and measurement of financial instruments.

These financial statements are prepared under the historical cost convention modified by revaluation of financial assets or liabilities held at fair value, and in accordance with the Companies Act 2006 applicable to the company reporting at 31 December 2020.

The preparation of financial statements in conformity with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies.

The principal accounting policies are set out below and have been applied consistently throughout the year.

##### **1.2 Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements in conformity with generally accepted accounting principles requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results in the future could differ from those estimates. In this regard, the Directors believe that the critical accounting policies where judgements or estimations are necessarily applied are summarised below.

###### **a. Impairment of Investments**

The Company is required to test, when there are indicators of impairment, whether an asset has suffered any impairment. Investments are considered for impairment where such indicators exist using fair value estimates. The use of these methods similarly required the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of cash flows.

###### **b. Recoverability of Debtors**

The Company is required to test, at the end of each financial year, whether there is objective evidence of impairment of any financial assets that are measured at cost or amortised cost. If there is objective evidence of impairment, the entity shall recognise an impairment loss in profit or loss immediately.

##### **1.3 Group financial statements**

The company is a wholly-owned subsidiary of Thame and London Limited, which is domiciled in the UK. The consolidated financial statements of Thame and London Limited are publicly available. Therefore, the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

##### **1.4 Cash flow statement**

Under FRS102 (section 1), the company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent company (Thame and London Limited) includes the company's cash flows in its own published consolidated financial statements.

##### **1.5 Investments**

Fixed asset investments are shown at cost less provision for impairment.

## FULL MOON HOLDCO 7 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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#### 1 ACCOUNTING POLICIES (CONTINUED)

##### 1.6 Debt

Debt was initially issued by a fellow Group company and stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by capitalised interest where applicable in respect of the accounting period. The issue costs are amortised on a straight-line basis over the term of the debt.

- 1.7 On 24 September 2015, the company acquired from Full Moon Holdco 6 Limited all the share capital of Travelodge Hotels Limited together with the assumption of all Full Moon Holdco 6 Limited's obligations under the Group's senior facilities agreement and the obligations for the Group's interest payments pursuant to letters of credit in place with other members of the Group in return for the issue of 399,430,742 ordinary shares of £1.

##### Derivative financial instruments and hedge accounting

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument. Derivatives are not basic financial instruments. They are initially recognised at fair value, changes in which are recognised in profit or loss unless they are included in a hedging arrangement.

The company's activities expose it primarily to the financial risks of changes in interest rates. The company uses interest rate swap contracts to hedge these exposures and are designated as cash flow hedges of floating rate borrowings. The company does not use derivative financial instruments for speculative purposes.

The use of financial derivatives is governed by the company's policies approved by the Board of Directors, which provides written principles on the use of financial derivatives.

The fair value of the derivative financial instruments is shown as non-current if the maturity date of the hedged item is more than 12 months after the balance sheet date.

Changes in the fair value of the derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or liability, amounts deferred in equity are recognised in the income statement in the same year in which the hedge item affects net profit or loss.

Interest hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedging transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

##### 1.8 Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted in the foreseeable future.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

## FULL MOON HOLDCO 7 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### 1.9 Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate controlling parent company Thame and London Limited. The Directors have received confirmation that Thame and London Limited intends to support the company for at least one year after these financial statements are signed. However, we are likely to continue to be subject to the impact of Covid-19 and at this stage, we are unable to predict with any certainty the extent or duration of this impact on the Group. There are severe but plausible downside scenarios in which the Group and Company would not have adequate resources to continue as a going concern for the foreseeable future. This indicates the existence of a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern. The Consolidated Financial Statements, as drafted, do not include the adjustments that would result if the Group or Company were unable to continue as a going concern. The Financial Statements, as drafted, do not include the adjustments that would result if the Group was unable to continue as a going concern. Further disclosure can be found in Note 2.1 of the Thame and London Limited financial statements.

#### 2 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Information regarding Directors' emoluments is disclosed in the financial statements of Thame and London Limited, the intermediate parent company. Directors of the company received no remuneration for services provided to this company in the current or preceding year. There were no employees in the current or preceding year.

#### 3 OPERATING RESULT / (LOSS)

	2020 £m	2019 £m
Fees in relation to restructuring of debt	-	16.1
Total operating expenses	-	16.1

The audit fee of £3,000 (2019: £3,000) is borne by a fellow Group company.

#### 4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 £m	2019 £m
Interest receivable from Group undertakings	0.9	-
Interest receivable	0.9	-

#### 5 INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £m	2019 £m
Bank loan interest	1.5	1.0
Interest payable to Group undertakings	38.9	38.7
Amortisation of agency fees	0.4	0.6
Interest payable	40.8	40.3

## FULL MOON HOLDCO 7 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

#### 6 TAX ON LOSS

	2020 £m	2019 £m
Current Tax:		
UK corporation tax on loss for the year	-	-
Deferred tax:		
Origination and reversal of timing differences	-	0.3
Adjustment in respect of prior periods	-	0.2
<b>Tax charge on loss</b>	<b>-</b>	<b>0.5</b>

The differences between the total tax shown and the amount calculated by applying the standard rate of tax for the year of 19.00% (2019: 19.00%) to the loss before tax are as follows:

	2020 £m	2019 £m
<b>Loss before taxation</b>	<b>(39.9)</b>	<b>(56.4)</b>
Tax credit at 19.0% (2019: 19.0%)	(7.6)	(10.7)
Effects of:		
Losses surrendered to Group companies for nil consideration	0.0	10.6
Adjustments in respect of prior periods	-	0.2
Restricted interest	7.6	0.4
<b>Total tax (credit) / charge for the year</b>	<b>-</b>	<b>0.5</b>

No provision for UK corporation tax has been made for the year ended 31 December 2020 due to the tax losses arising in the year (2019: £nil).

The main rate of UK corporation tax was 19%. As announced in the 2020 budget, the main rate of corporation tax will now remain at 19%.

Deferred tax is as follows:

	2020 Provided £m	2020 Unprovided £m	2019 Provided £m	2019 Unprovided £m
Tax losses and other timing differences	-	13.6	-	1.0
<b>Deferred tax asset</b>	<b>-</b>	<b>13.6</b>	<b>-</b>	<b>1.0</b>

At 31 December 2020, a deferred tax asset of £nil (2019: £nil) has been recognised due to the reasonable expectation of sufficient taxable profits arising from which the future reversal of the underlying timing differences can be deducted.

Deferred tax balances have been measured at a rate of 19%, being the rate substantively enacted at the balance sheet date (2019: 17%).

## FULL MOON HOLDCO 7 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

#### 7 INVESTMENTS

Ordinary Shares  
in subsidiaries  
£m

#### Cost and net book value

At 1 January 2020 and 31 December 2020

800.0

Investments held as fixed assets constitute shares in subsidiary undertakings. Subsidiaries held at 31 December 2020 are as follows:

Name of subsidiary undertaking	Registered address	Business description	Country of Incorporation	% of equity held
Travelodge Hotels Limited*	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Trading company	Great Britain	100
Travelodge Hoteles Espana SL	Calle Santa Leonor, 34, 28037, Madrid, Spain	Trading company	Spain	100
TLLC Holdings 2 Limited*	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Holding company	Great Britain	100
Travelodge Holdings (Malta) Limited	The Landmark, Level 1, Suite 2, Triq L-Iljun, Qormi QRM3800, Malta	Holding company	Malta	100
FullMoonPropco1 Limited	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Trading company	Great Britain	100
Travelodge Limited*	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Dormant company	Great Britain	100
TLLC 2018 Limited	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Dormant company	Great Britain	100

\* Denotes direct investment

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

### Letter of credit facility

### Revolving credit facility

The revolving credit facility was reduced from £50.0m to £40.0m on 5 July 2019 during the refinancing and was extended from April 2022 until July 2024.

### Interest rate cap

The interest rate cap commences in respect of payments due on 15 January 2020 and is due to terminate on 15 October 2022.

### Interest rate hedge (Swap)

On 15 August 2019 the interest rate hedge expired. The interest rate hedge was against £100.0m of the senior secured floating rate notes with an effective date from 15 November 2016 and a termination date of 15 August 2019. The pay rate of the hedge was fixed at 0.376% and the receive rate of the hedge floated to LIBOR.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels are defined as follows:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which uses inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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# FULL MOON HOLDCO 7 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

### 8 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

#### SwapTION

On 30 June 2017, Travelodge entered into a swaption in relation to the new senior secured floating steering denominated notes of £165m.

The swaption commenced on 15 May 2019 and was due to terminate on 15 May 2021. On 15 May 2019 LIBOR was less than 1.5% so the product was not activated and expired.

#### Cash flow hedge reserve

The fair value of the Group interest rate hedge reserve is £nil (2019: £nil). This interest rate hedge, which expired on 19 August 2019, was designated as effective as a cash flow hedge. The movement in fair value in 2019 of £0.4m was taken through equity.

### 9 DEBTORS

	2020 £m	2019 £m
Amounts owed by Group undertakings <sup>1</sup>	9.1	9.1
	<u>9.1</u>	<u>9.1</u>

1. Amounts owed by Group undertakings are repayable on demand. As part of the funding of the Group, Full Moon Holdco 7 Limited made loans to other Group companies which were used by these companies to settle other bank interest obligations. Amounts owed by Group undertakings predominately relate to these outstanding balances and associated interest charges owing from those companies. Amounts owed by Group undertakings did not bear interest in 2020 (2019: £nil).

### 10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £m	2019 £m
Amounts owed to Group undertakings <sup>1</sup>	(644.6)	(604.9)
Accruals and deferred income	(0.1)	(0.2)
	<u>(644.7)</u>	<u>(605.1)</u>

1. Amounts owed to Group undertakings are unsecured, repayable on demand and bear interest between 0% and 10%.

### 11 CALLED UP SHARE CAPITAL

	2020 & 2019 Number of shares	2020 & 2019 £m
Authorised, allotted and fully paid		
Ordinary shares of £1 each	<u>399,430,743</u>	<u>399.4</u>

## FULL MOON HOLDCO 7 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

#### 12 ACCUMULATED LOSSES

	2020 £m	2019 £m
At 1 January	(195.1)	(138.2)
Loss for the financial year	(39.9)	(56.9)
<b>At 31 December</b>	<b>(235.0)</b>	<b>(195.1)</b>

#### 13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2020 £m	2019 £m
Opening shareholders' funds	204.3	261.6
Hedge reserve movements	-	(0.4)
Loss for the financial year	(39.9)	(56.9)
<b>Closing shareholders' funds</b>	<b>164.4</b>	<b>204.3</b>

#### 14 RELATED PARTY TRANSACTIONS AND ULTIMATE CONTROLLING PARTY

The immediate parent company is Full Moon Holdco 6 Limited. The smallest and largest group to consolidate these financial statements is Thame and London Limited

The company has taken advantage of the exemption in FRS102 (section 33) 'Related party disclosure' not to disclose transactions with other members of the Group.

The Directors regard Anchor Holdings SCA as the ultimate controlling party and regard Thame and London Limited as the controlling party of the largest group of which the company is a member and of which is the only company within the Group where consolidated financial statements are drawn up. Copies of these Group financial statements are available from Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT.