

# **Titan Acquisition Limited**

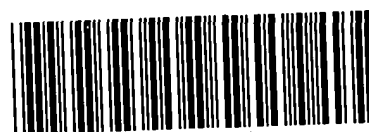
Annual Report and Financial Statements

Year Ended

31 December 2019

Company Number 10168900

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# Titan Acquisition Limited

## Company Information

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<b>Directors</b>	I M Livingstone R J Livingstone D L M Taljaard
<b>Registered number</b>	10168900
<b>Registered office</b>	Quadrant House Floor 6 4 Thomas More Square London E1W 1YW

# Titan Acquisition Limited

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# Titan Acquisition Limited

## Strategic Report For the Year Ended 31 December 2019

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The directors present their Strategic Report for the year ended 31 December 2019. The prior comparatives represent a 15 month period to 31 December 2018.

### Business review and future developments

The Company made a financial profit before taxation of £327,491,335 mainly due to dividends received from subsidiaries (period ended 31 December 2018: loss of £43,955,954). At the year end, the Company had net assets of £283,897,924 (2018: £42,925,077 net liabilities).

On 12 December 2019 Titan Acquisition Limited and its subsidiaries (together "the securitised Group") have entered into a new £350m senior facility agreement secured against the securitised Group's property portfolio for the purposes of refinancing existing debt. As at 31 December the facility has been fully utilised with the exception of the extension capital expenditure of £11m which is still to be utilised as the project work is completed.

The directors consider the financial position and future prospects at 31 December 2019 to be satisfactory, Covid-19 is however expected to impact future trading and profitability of the Company and its subsidiaries.

### Financial key performance indicators

The directors use a number of KPIs to monitor and measure business performance in order to achieve the strategic plan for the group. The main KPIs used are as follows:

- Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)
- Revenue per available room
- Client satisfaction
- Benchmarking

Full details of these are given in the Strategic Report of Titan Financing Holdco Limited which does not form part of this report.

### Principal risks and uncertainties

The key business risks and uncertainties affecting the Company are considered to relate to the fact that the Company operates within a highly competitive market place. The directors of the Company have reviewed the Company's exposure to credit risk, liquidity risk and cash flow risk. These risks and uncertainties are discussed in the Company's ultimate parent's group Strategic Report which does not form part of this report.

### Financial risk management

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. Further discussion of the financial risk management objectives and policies, in the context of the group as a whole, are discussed in the Company's ultimate parent's group Annual Report which does not form part of this report.

### Section 172 (1) statement

The Company operates with a three-person Board, which helps facilitate flexible and swift decision making. The Directors meet regularly with management, ensuring that they are able to take key decisions on a timely basis.

The above activities help to safeguard the success of the business, ensuring that it acts fairly in the interests of the members of the Company, including maximising the financial returns to members.

The Board are fully aware of their duties under Section 172, along with the other directors' duties in the Companies Act 2006. Corporate Governance serves as a regular monthly board agenda item and during this time in each meeting the Board reflects on various processes and arrangements for discharging their duties and discusses enhancements.

# **Titan Acquisition Limited**

## **Strategic Report (continued) For the Year Ended 31 December 2019**

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### **Section 172 (1) statement (continued)**

As with all companies, decision making within the Company is complex and the Board takes into account many factors, sometimes conflicting, when reaching decisions. Quality decision-making is supported by comprehensive board papers that are distributed to directors ahead of board meetings. The directors' decisions are always driven by the need to promote the success of the Company for the benefit of its members as a whole and whilst taking decisions they consider all of their duties under the Companies Act 2006, including having regard to all of the matters under Section 172 (1) a) to f).

The impact of decisions on stakeholders is considered in detail and such discussions are captured in comprehensive board and management minutes.

With regard to the stakeholders and matters set out in s172(1)(a-f) of the Act, the Board of Directors of Titan Acquisition Limited consider both individually and collectively that they have acted in good faith, in a manner likely to promote the success of the Company for the benefit of its members in the decisions taken during the year. For example, during the various UK national lockdowns and restrictions due to Covid-19, there were hotels within the Titan portfolio which provided accommodation to key workers and the homeless.

The Company considers that the primary stakeholder groups that have been impacted by its business activities and decisions taken include its employees, customers, lenders, suppliers, and local communities and we recognise the importance of our stakeholders in the success of the business.

Relationships with the external lenders to the Company are key business relationships. The Company engages with its lenders where required, including where the Company has been required to seek waivers during the Covid-19 lockdown. A key decision for the business is on the financing strategy, which the Board is actively involved in establishing, including discussions with a variety of lenders, seeking to obtain the best outcome for companies within the Titan Group. These relationships are key to the long-term success of the Company due to the ongoing requirement for liquidity across the Group and to facilitate a suitable return to the shareholders through responsible financial leveraging of assets.

We aim to be a responsible employer and engage with our employees as they are fundamental in contributing to the success of both the Company and the wider Group in delivering the best possible service to our customers. The Company and wider Group engage with employees regularly through a number of channels.

Employee forums, chaired by the HR and Operations Directors, are held monthly with elected staff representatives from all hotels to discuss employment matters. At individual hotels there are quarterly meetings held with staff representatives from each department to ensure that all teams are engaged with and their views are considered in the decisions taken by the subsidiaries of the business. In addition, employee surveys are conducted annually, alongside monthly "pulse" surveys. These are open to all employees and the Company receives high levels of participation, as such these provide valuable insight for management to regularly understand the concerns and areas of focus regarding employees. During the recent Covid-19 pandemic employee communication has been even more vital. In addition to the existing communication channels the Executive team have provided employees with daily email updates on actions the Company has taken alongside regular 'town hall' meetings hosted by the Executive team. This is in addition to holding staff events at individual hotels to improve staff morale and build teamwork.

The customer experience in our hotels is integral to the brand of both the Group, our individual hotels, and in turn, the success of the business. The Company tracks customer satisfaction and feedback within the hotels in the Group, through various online review sites to ensure that feedback is factored into improving the hotel operations and customer experience.

Suppliers are engaged with regularly both centrally through our procurement team and locally through Hotel management. At individual hotels regular meetings are held with key operational suppliers to build and maintain relationships. With respect to national contracts the central procurement team regularly engage with suppliers to ensure awareness of new developments.

# Titan Acquisition Limited

## Strategic Report (continued) For the Year Ended 31 December 2019

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### Section 172 (1) statement (continued)

The Company endeavours to have a positive impact on the local community and environment as it is important to the staff, customers, and members of the business. Examples of this include charitable events supporting charities which are important in the communities that the business operates within – this includes events for homeless and medical charities, which are also promoted to staff. In addition, during the recent UK national lockdown due to Covid-19, there were hotels which provided accommodation to key workers and the homeless. These actions help to ensure that the company continues to maintain a reputation for the highest standards of business conduct.

Key decisions are considered to be the financing strategy, acquisitions, capital expenditure, appointment of key management personnel and health & safety.

The Board is involved in approving any significant capital spend above agreed thresholds, they set the budgets for individual hotels at a group level and they review performance against budgets for each hotel on a monthly basis through reporting packs delivered to senior management. In a competitive environment, maintaining suitable controls around decision making on capital spend is important to the company delivering profitability and liquidity in accordance with the agreed delegation of authority.

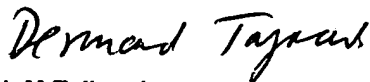
The appointment of key staff is critical as day-to-day decision making is undertaken by the Executive team with appropriate oversight and challenge from the Directors on a monthly basis, through review of the monthly reporting packs and regular Board meetings.

### Subsequent events

Subsequent to the year end the impact of COVID-19 on the UK economy took hold towards the end of March 2020 and it has subsequently had a significant impact on the wider economy as well as the Company's areas of operations.

COVID-19 is viewed as a non-adjusting event for the purposes of these financial statements however the Directors have had to consider its potential impact on the business when considering the ability of the Company to operate as a going concern, as set out within the Directors' Report.

This report was approved by the board on 26 February 2021 and signed on its behalf.



**D L M Taljaard**  
Director

# Titan Acquisition Limited

## Directors' Report For the Year Ended 31 December 2019

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The directors present their report and the audited financial statements for the year ended 31 December 2019.

### Principal activities

The principal activity of the Company is that of a financing and holding company.

### Results and dividends

The profit for the year, after taxation, amounted to £327,491,335 (2018 - loss £43,955,954).

No ordinary dividends were paid during the year (2018: £nil). The directors do not recommend the payment of a final dividend (2018: £nil).

The business review, future developments and financial risk management are included in the Strategic Report.

### Directors

The directors who served during the year and/or up to the date of signing these financial statements were:

I M Livingstone (appointed 12 March 2019)  
R J Livingstone (appointed 12 March 2019)  
D L M Taljaard (appointed 12 March 2019)  
L K Sebastian (resigned 12 March 2019)

### Going concern

The Company made a financial profit before taxation of £327,491,335 (period ended 31 December 2018: loss of £43,955,954). At the year end, the Company had net assets of £283,897,924 (2018: £42,925,077 net liabilities).

As a direct result of Covid-19 and the consequence of the varying government lockdowns across the UK since March 2020, the Company's subsidiaries have experienced reductions in hotel bookings and associated turnover in 2020 and as a consequence the Company breached loan covenants for the first time at 30th September 2020. Nevertheless, the cashflow of the securitised Group has continued to service both the new £350m senior facility agreement and the Sale and Leaseback ground rents. The directors are in discussion with the Special Servicer (lender's agent) to find a workable practical resolution and agree an amendment for future covenant tests. Whilst the directors have reasonable expectations, based on discussions with the Special Servicer so far, that a resolution will be agreed upon, as at the date of signing these financial statements there is some uncertainty as to how the discussions will end and the impact on the Company if an agreement with the Special Servicer is not reached.

The Company's ability to meet the loan covenants is reliant on the trading performance of the securitised Group. At this stage, given the rapidly evolving situation, it is not possible to determine with any certainty when restrictions could be lifted or might be reimposed by the Government, nor therefore the full extent of the impact on the securitised Group, its customers, employees and suppliers. The outlook, therefore remains uncertain and, should the business not recover in line with expectations or there are further national or/and regional lockdowns, the Company will need to seek additional funding to provide sufficient liquidity to remain a going concern.

These circumstances indicate the existence of a material uncertainty that may cast significant doubt over the Company's ability to continue as a going concern. The Company's financial statements do not include any adjustments that might arise should the Company cease to be a going concern.

# **Titan Acquisition Limited**

## **Directors' Report (continued) For the Year Ended 31 December 2019**

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### **Going concern (continued)**

The going concern of the Company is to some extent dependent on the outcome of discussions with the Special Servicer and specifically relating to reaching agreement on covenant waivers. The Directors remain confident that a solution can be reached, although that is not certain. Further the Directors have received confirmation that its ultimate beneficial owner currently intends to provide the necessary financial support to the Company for at least 12 months from the date of signing to enable the Company to continue as a going concern. This support is not legally binding.

The Directors therefore continue to adopt the going concern basis of preparing the Company's financial statements.

### **Statement of directors' responsibilities**

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 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;
- state whether applicable UK Accounting Standards 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 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.

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.

### **Qualifying third party indemnity provisions**

The Group headed by Titan Financing Holdco Limited, on behalf of the Company, maintains appropriate Directors' and Officers' Liability Insurance on behalf of the directors and General Counsel and Company Secretary. In addition, individual qualifying third-party indemnities are given to the directors and General Counsel and Company Secretary which comply with the provisions of Section 234 of the Companies Act 2006, and were in force throughout the year and up to the date of signing the Annual Report



# **Titan Acquisition Limited**

## **Directors' Report (continued) For the Year Ended 31 December 2019**

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### **Disclosure of information to auditors**

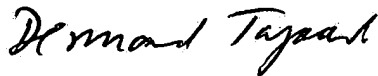
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Independent Auditors**

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

This report was approved by the board on 26 February 2021 and signed on its behalf.



**D L M Taljaard**  
Director

# Titan Acquisition Limited

## Independent Auditors' Report to the Members of Titan Acquisition Limited

### Report on the audit of the financial statements

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#### Opinion

In our opinion, Titan Acquisition Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit 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 2019; the Income Statement, the Statement of Total Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### 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.

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#### 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 2.3 to the financial statements concerning the company's ability to continue as a going concern.

The company's subsidiaries have experienced significant reductions in their hotel bookings and associated turnover in 2020 as a result of the impact of Covid-19 and as a consequence the company has breached some of its loan covenants. As a result, the outstanding bank debt of £347m could be called for immediate repayment by the lender at any point in time. If the lender was to call for immediate repayment the Group does not have sufficient liquid funds available to meet such a request. The Directors are currently in discussions with the lender through the Special Servicer (lender's agent), around agreeing a waiver of covenants for an agreed period in light of the unique impact of the pandemic these discussions have not been concluded as at the date of signing these financial statements. Whilst the directors have indicated that they have reasonable expectations that a waiver will be obtained from the lenders as at the date of signing these financial statements there is uncertainty as to whether the waiver will be granted and what the impact on the company's operations and liquidity would be if the waiver is not granted.

These conditions, along with the other matters explained in note 2.3 to the 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 was unable to continue as a going concern.

#### How our audit addressed the material uncertainty related to going concern

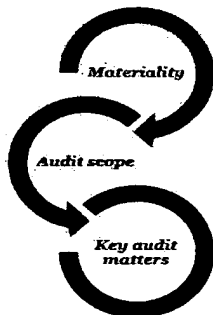
- We have discussed the issue giving rise to the material uncertainty with management and the directors of the Group and obtained their views on the likely possible outcome.
- We have assessed the Group's and related parties (in particular the ultimate controlling parties') abilities to renegotiate loan terms with lenders and note based on our experience auditing the group that lenders have always been supportive of the group due to the size of the Group and the net worth of the ultimate controlling parties.
- We have obtained management's cash flow forecasts to evidence the fact that the Group will have sufficient liquidity to continue servicing the interests on the loan as well as the Group's ground rent repayments.

# Titan Acquisition Limited

## Independent Auditors' Report to the Members of Titan Acquisition Limited (continued)

### Our audit approach

#### Overview



- Overall materiality: £1.2m (2018: £0.9m), based on 0.4% of total assets.
- The audit is focused on Titan Acquisition Limited only as there are no other components.
- Going concern - see Material uncertainty relating to going concern section above
- Management's consideration of the potential impact on Covid-19
- Recoverability of intercompany receivables

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

#### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

#### Key audit matter

#### How our audit addressed the key audit matter

##### Management's consideration of the potential impact on Covid-19

Whilst Covid-19 is a non-adjusting event in the context of these financial statements and is not taken into account when assessing asset carrying values at the balance sheet date, its impact is something that the directors need to consider in the context of the current and future operations of the company. In doing so, the directors have made estimates and judgements that are critical to the outcomes of these considerations with a particular focus on the company's ability to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements.

As a result of the impact of Covid-19 on the wider financial markets, we have determined management's consideration of the potential impact of Covid-19 (including their associated estimates and judgements) to be a key audit matter.

In assessing management's consideration of the potential impact of Covid-19, we have undertaken the following audit procedures:

- We obtained the directors' latest going concern assessment and conclusions with respect to the company's ability to continue as a going concern for at least 12 months from the signing of these financial statements;
- We discussed with management and the directors the critical estimates and judgements applied in their latest assessments so we could understand and challenge the rationale underlying the factors incorporated as a result of Covid-19;
- We reviewed the going concern assessment, which included a cash flow forecast for the going concern review period;
- We considered the appropriateness of the disclosures made by management and the board in respect of the potential impact of Covid-19, a non-adjusting post balance sheet event.

Based on our procedures and the information available at the time of the directors' approval of the financial statements, with the exception of the material uncertainty on going concern disclosed above, we have not identified any other matters to report with respect to the directors' going concern consideration of the impact of Covid-19 on the current and future operations of the company.

# Titan Acquisition Limited

## Independent Auditors' Report to the Members of Titan Acquisition Limited (continued)

### *Recoverability of intercompany receivables*

As at 31 December 2019, the entity held £113.7m (2018: £0.2m) amounts owed by group undertakings and £412.1m (2018: £336m) amounts owed by related parties which are both material to the financial statements.

The assessment of the recoverability of these amounts required the application of management judgement, particularly in determining whether any impairment indicators have arisen that trigger the need for an impairment and in assessing whether each receivable can be supported by the recoverable amount. As changes to these judgements and estimates could have a material impact on the company financial statements, we consider this to be a key audit matter.

Our procedures included the following:

- Understanding the business processes and controls related to the recoverability assessment of amounts owed by group and related undertakings.
- Assessing the reasonableness of any provisions made and understanding management's process and judgements utilised for developing such estimates and assumptions.
- Performing a retrospective review of the prior period estimates by comparing to actual results in the current period.
- Assessing corroborating or contradictory evidence relating to significant assumptions in the recoverability calculations.
- Checking the mathematical accuracy of the calculations.
- Reviewing the disclosures in the financial statements in respect of the recoverability of such assets.

Based on the procedures performed, we noted no material issues from our work.

### *How we tailored the audit scope*

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

### *Materiality*

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<b>Overall materiality</b>	£1.2m (2018: £0.9m).
<b>How we determined it</b>	0.4% of total assets.
<b>Rationale for benchmark applied</b>	We believe that total assets is the primary measure used by the users in assessing the performance of the entity, and is a generally accepted auditing benchmark.

We agreed with the directors that we would report to them misstatements identified during our audit above £60k (2018: £45k) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

# Titan Acquisition Limited

## Independent Auditors' Report to the Members of Titan Acquisition Limited (continued)

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### 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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 2019 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.

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### 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 set out on page 5, 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 misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the 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.

# **Titan Acquisition Limited**

## **Independent Auditors' Report to the Members of Titan Acquisition Limited (continued)**

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### **Other required reporting**

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#### **Companies Act 2006 exception reporting**

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

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



Suzanne Woolfson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
28 February 2021

# Titan Acquisition Limited

## Income Statement For the Year Ended 31 December 2019

		Year ended 31 December 2019 £	15 months ended 31 December 2018 £
	Note		
Administrative expenses		(4,606,714)	(1,480,074)
<b>Operating loss</b>	4	<u>(4,606,714)</u>	<u>(1,480,074)</u>
Income from shares in group undertakings	5	364,799,185	-
Interest receivable and similar income	6	15,450,592	18,269,294
Interest payable and similar expenses	7	<u>(48,151,728)</u>	<u>(60,745,174)</u>
<b>Profit/(loss) on ordinary activities before taxation</b>		<u>327,491,335</u>	<u>(43,955,954)</u>
Tax on profit/(loss) on ordinary activities	8	-	-
<b>Profit/(loss) for the financial year/period</b>		<u><u>327,491,335</u></u>	<u><u>(43,955,954)</u></u>

The Income Statement has been prepared on the basis that all operations are continuing operations.

The notes on pages 16 to 31 form part of these financial statements.

# Titan Acquisition Limited

## Statement of Total Comprehensive Income For the Year Ended 31 December 2019

	Year ended 31 December 2019 £	15 months ended 31 December 2018 £
Profit/(loss) for the financial year/period	<b>327,491,335</b>	(43,955,954)
<b>Other comprehensive (expense)/income</b>		
Cash flow hedges - change in value of hedging instruments	<b>(805,222)</b>	2,080,945
Tax relating to other comprehensive (expense)/income	<b>136,888</b>	(353,761)
<b>Other comprehensive (expense)/income for the year/period</b>	<b>(668,334)</b>	1,727,184
<b>Total comprehensive income/(expense) for the year/period</b>	<b>326,823,001</b>	(42,228,770)

The notes on pages 16 to 31 form part of these financial statements.



**Titan Acquisition Limited**  
Registered number: 10168900

**Statement of Financial Position**  
As at 31 December 2019

	Note	2019 £	2019 £	2018 £	2018 £
<b>Fixed assets</b>					
Investments	9		519,368,753		519,368,753
			<u>519,368,753</u>		<u>519,368,753</u>
<b>Current assets</b>					
Debtors: amounts falling due after more than one year	10	324,000		805,222	
Debtors: amounts falling due within one year	10	526,169,378		336,232,869	
Cash at bank and in hand		34,346,509		18,407,813	
		<u>560,839,887</u>		<u>355,445,904</u>	
Creditors: amounts falling due within one year	11	(450,791,754)		(532,378,781)	
<b>Net current assets/(liabilities)</b>			<u>110,048,133</u>		<u>(176,932,877)</u>
<b>Total assets less current liabilities</b>			<u>629,416,886</u>		<u>342,435,876</u>
Creditors: amounts falling due after more than one year	12		(345,518,962)		(385,224,065)
<b>Provisions for liabilities</b>					
Deferred tax	14		-		(136,888)
<b>Net assets/(liabilities)</b>			<u><u>283,897,924</u></u>		<u><u>(42,925,077)</u></u>
<b>Capital and reserves</b>					
Called up share capital	15		1		1
Hedging reserves	16		-		668,334
Retained earnings/(deficit)	16		283,897,923		(43,593,412)
<b>Total equity</b>			<u><u>283,897,924</u></u>		<u><u>(42,925,077)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 February 2021.

*Dermund Taljaard*

**D L M Taljaard**  
Director

The notes on pages 16 to 31 form part of these financial statements.

# Titan Acquisition Limited

## Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital £	Hedging reserves £	Retained earnings/ (deficit) £	Total equity £
<b>At 1 October 2017</b>	<b>1</b>	<b>(1,058,850)</b>	<b>362,542</b>	<b>(696,307)</b>
Loss for the financial period	-	-	(43,955,954)	(43,955,954)
Movement in cash flow hedges	-	2,080,945	-	2,080,945
Taxation in respect of items of other comprehensive income	-	(353,761)	-	(353,761)
<b>Total comprehensive income/(expense) for the period</b>	<b>-</b>	<b>1,727,184</b>	<b>(43,955,954)</b>	<b>(42,228,770)</b>
<b>At 31 December 2018</b>	<b>1</b>	<b>668,334</b>	<b>(43,593,412)</b>	<b>(42,925,077)</b>
Profit for the financial year	-	-	327,491,335	327,491,335
Movement in cash flow hedges	-	(805,222)	-	(805,222)
Taxation in respect of items of other comprehensive expense	-	136,888	-	136,888
<b>Total comprehensive (expense)/income for the year</b>	<b>-</b>	<b>(668,334)</b>	<b>327,491,335</b>	<b>326,823,001</b>
<b>At 31 December 2019</b>	<b>1</b>	<b>-</b>	<b>283,897,923</b>	<b>283,897,924</b>

The notes on pages 16 to 31 form part of these financial statements.

# Titan Acquisition Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 1. General information

Titan Acquisition Limited is a private company limited by shares, incorporated in England and Wales. The address of the registered office is given on the Company information page. The nature of the Company's operations and its principal activities are set out in the Directors' Report.

These financial statements are presented in Sterling which is the currency of the primary economic environment in which the Company operates.

#### 1.1 Statement of compliance

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS102) and the requirements of the Companies Act 2006.

### 2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities at fair value.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The Company is exempt from the preparation of consolidated financial statements, because it is included in the group financial statements of Titan Financing Holdco Limited. Details of the parent in whose consolidated financial statements the Company is included are shown in note 19 to the financial statements. These financial statements are separate financial statements, presenting information about the Company as an individual entity and not about its group.

#### 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" because equivalent disclosures are included in the consolidated financial statements of Titan Financing Holdco Limited. The financial statements of Titan Financing Holdco can be obtained from the address provided in note 19.

- 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 11.42, 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.

# Titan Acquisition Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.3 Going concern

The Company made a financial profit before taxation of £327,491,335 (period ended 31 December 2018: loss of £43,955,954). At the year end, the Company had net assets of £283,897,924 (2018: £42,925,077 net liabilities).

As a direct result of Covid-19 and the consequence of the varying government lockdowns across the UK since March 2020, the Company's subsidiaries have experienced reductions in hotel bookings and associated turnover in 2020 and as a consequence the Company breached loan covenants for the first time at 30th September 2020. Nevertheless, the cashflow of the securitised Group has continued to service both the new £350m senior facility agreement and the Sale and Leaseback ground rents. The directors are in discussion with the Special Servicer (lender's agent) to find a workable practical resolution and agree an amendment for future covenant tests. Whilst the directors have reasonable expectations, based on discussions with the Special Servicer so far, that a resolution will be agreed upon, as at the date of signing these financial statements there is some uncertainty as to how the discussions will end and the impact on the Company if an agreement with the Special Servicer is not reached.

The Company's ability to meet the loan covenants is reliant on the trading performance of the securitised Group. At this stage, given the rapidly evolving situation, it is not possible to determine with any certainty when restrictions could be lifted or might be reimposed by the Government, nor therefore the full extent of the impact on the securitised Group, its customers, employees and suppliers. The outlook, therefore remains uncertain and, should the business not recover in line with expectations or there are further national or/and regional lockdowns, the Company will need to seek additional funding to provide sufficient liquidity to remain a going concern.

These circumstances indicate the existence of a material uncertainty that may cast significant doubt over the Company's ability to continue as a going concern. The Company's financial statements do not include any adjustments that might arise should the Company cease to be a going concern.

The going concern of the Company is to some extent dependent on the outcome of discussions with the Special Servicer and specifically relating to reaching agreement on covenant waivers. The Directors remain confident that a solution can be reached, although that is not certain. Further the Directors have received confirmation that its ultimate beneficial owner currently intends to provide the necessary financial support to the Company for at least 12 months from the date of signing to enable the Company to continue as a going concern. This support is not legally binding.

The Directors therefore continue to adopt the going concern basis of preparing the Company's financial statements.

#### 2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

#### 2.5 Financial instruments

The Company has elected to apply provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's statement of financial position where the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

# **Titan Acquisition Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2019**

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### **2. Accounting policies (continued)**

#### **2.5 Financial instruments (continued)**

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

# Titan Acquisition Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.5 Financial instruments (continued)

##### Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

#### 2.6 Hedge accounting

The Company applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings. Interest rate swaps are held to manage the interest rate exposures and are designated as cash flow hedges of floating rate borrowings.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item along with risk management objectives and strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

##### Cash flow hedges

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income.

The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in 'interest payable and similar charges'.

The gain or loss recognised in other comprehensive income is reclassified to profit or loss when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

#### 2.7 Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

# **Titan Acquisition Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2019**

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### **2. Accounting policies (continued)**

#### **2.8 Interest income**

Interest income is recognised in the Income Statement using the effective interest method.

#### **2.9 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement 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 reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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. Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited to the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

# Titan Acquisition Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 3. Critical accounting estimates and judgements

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

*Critical judgements in applying the entity's accounting policies:*

The directors have not applied any judgements in applying the Company's accounting policies.

*Critical accounting estimates and assumptions:*

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of investments

The Company assess the carrying value of investments in subsidiaries at the end of each reporting period. The carrying value of investments in subsidiaries is adjusted to reflect the underlying net assets.

(b) Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including current credit ratings of the debtors, the aging profile of debtors and historical experience.

### 4. Operating loss

#### Auditors' remuneration

Fees payable to the Company's auditors and their associates for the audit of the Company's annual financial statements were £2,325 (period ended 31 December 2018: £2,072).

#### Directors' emoluments

The directors received no remuneration for their services as directors of this company (period ended 31 December 2018: £nil).

The Company has no employees other than the directors (period ended 31 December 2018: none).



# Titan Acquisition Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 5. Income from shares in group undertakings

	31 December 2019 £	15 months ended 31 December 2018 £
Dividend income	364,799,185	-
	<u>364,799,185</u>	<u>-</u>

Dividend income of £364,799,185 was received from Atlas Bermuda 2 Holdings Limited on 12 December 2019.

### 6. Interest receivable and similar income

	Year ended 31 December 2019 £	15 months ended 31 December 2018 £
Interest receivable from related parties	15,450,592	18,267,346
Other interest receivable	-	1,948
	<u>15,450,592</u>	<u>18,269,294</u>

### 7. Interest payable and similar expenses

	Year ended 31 December 2019 £	15 months ended 31 December 2018 £
Other loan interest payable	13,187,977	19,678,667
Loan interest payable to group undertakings	30,889,028	36,630,860
Amortisation of loan arrangement fees	4,074,723	4,435,647
	<u>48,151,728</u>	<u>60,745,174</u>

# Titan Acquisition Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 8. Tax on profit/(loss) on ordinary activities

No tax is chargeable due to the level of non-taxable income in the year (period ended 31 December 2018: £nil due to the loss in the period).

#### Factors affecting tax result for the year/period

The tax assessed for the year is lower than (period ended 31 December 2018: higher than) the standard rate of corporation tax in the UK of 19% (period ended 31 December 2018: 19%). The differences are explained below:

	Year ended 31 December 2019 £	15 months ended 31 December 2018 £
Profit/(loss) on ordinary activities before tax	<b>327,491,335</b>	(43,955,954)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (period ended 31 December 2018: 19%)	<b>62,223,354</b>	(8,351,631)
Effects of:		
Expenses not deductible for tax purposes	<b>7,088,288</b>	-
Non-taxable income	<b>(69,311,845)</b>	-
Group relief	<b>203</b>	8,351,631
<b>Total tax result for the year/period</b>	<b>-</b>	<b>-</b>

#### Factors that may affect future tax charges

There are no factors that may affect the future tax charge. The March 2015 budget announced a reduction in the UK corporate tax rate from 19% to 17% from 1 April 2020, however this has subsequently been amended by a policy paper published in March 2020, which will maintain the UK corporation tax rate at 19%.

# Titan Acquisition Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 9. Investments

	Investments in subsidiary companies £
<b>Cost</b>	
At 1 January 2019	519,368,753
At 31 December 2019	<u>519,368,753</u>
<b>Net book value</b>	
At 31 December 2019	<u>519,368,753</u>
At 31 December 2018	<u>519,368,753</u>

A list of subsidiary undertakings is set out in note 20.

During the year the Company disposed of a direct subsidiary, Atlas Bermuda 2 Holdings Limited, an intermediate parent company. The disposal proceeds was £1. No disposal of investments has been presented as the underlying businesses represented by the investment in subsidiaries is unchanged.

The directors believe that the carrying value of the investments is supported by the underlying net assets.

### 10. Debtors

	2019 £	2018 £
<b>Amount falling due after more than one year</b>		
Financial instruments (after 1 year) - see Note 13	<u>324,000</u>	<u>805,222</u>
<b>Amount falling due within one year</b>		
Amounts owed by group undertakings	113,657,539	182,514
Other debtors	404,290	-
Amounts owed by related parties	412,107,549	336,014,155
Tax recoverable	-	36,200
	<u>526,169,378</u>	<u>336,232,869</u>

# Titan Acquisition Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 10. Debtors (continued)

The deferred tax asset falls due in more than one year.

The amounts owed by group undertakings are due on demand, unsecured and carry an interest rate of 4.8% (2018: 4.8%).

Included within amounts owed by related parties is an amount of £348,583,117 which is due on demand, unsecured and carries an interest rate of 4.8%. The remaining balance is due on demand, unsecured and interest free.

### 11. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank loans and overdrafts	1,968,750	-
Amounts owed to group undertakings	445,938,073	530,123,358
Other creditors	1,952,452	-
Accruals and deferred income	932,479	2,255,423
	<u>450,791,754</u>	<u>532,378,781</u>

The amounts owed to group undertakings are due on demand, unsecured and carry an interest rate ranging from 4.8% (2018: 4.8% to 8.063%).

### 12. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Bank loans and overdrafts	348,031,250	389,298,788
Loan arrangement fees	(2,512,288)	(4,074,723)
	<u>345,518,962</u>	<u>385,224,065</u>

# Titan Acquisition Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 13. Bank loans and overdrafts

Analysis of the maturity of loans is given below:

	2019 £	2018 £
<b>Amounts falling due within one year</b>		
Bank loans and overdrafts	1,968,750	-
<b>Amounts falling due 1-2 years</b>		
Bank loans and overdrafts	2,625,000	-
<b>Amounts falling due 2-5 years</b>		
Bank loans and overdrafts	345,406,250	389,298,788
<b>Total pre-arrangement fees</b>	350,000,000	389,298,788
Arrangement fees	(2,512,288)	(4,074,723)
	<b>347,487,712</b>	<b>385,224,065</b>

#### Derivative financial instruments - interest rate cap

The Company borrows at floating rates of interest and then employs a derivative financial instrument in the form of a LIBOR Cap to hedge the Group's exposure to interest rate.

During the prior period, the Company borrowed funds under a term loan of £389,275,000 which was repayable in October 2022.

On the 12 December 2019 the term loan was refinanced with a £350,000,000 term loan. Remaining issue costs of £4,074,723 relating to the £389,275,000 term loan was written off to the Statement of Comprehensive Income as part of the interest charge. The £350,000,000 term loan accrues interest at a variable rate equivalent to Libor +3.25% and is due repayment in December 2024. Issue costs of £2,512,288 were incurred in respect of the new loan and these costs have been deducted from the initial carrying value and will be charged to the Statement of Comprehensive Income as part of the interest charge calculated using the effective interest method.

On the 19 December 2019 Morgan Stanley & Co. International listed £348,100,00 of the debt raised on the Global Exchange Market of the Irish Stock Exchange plc. Titan Acquisition Limited was not a counterparty to this listing. The listing is registered under Helios (European Loan Conduit No. 37) DAC.

The bank loan is secured over the properties of the Company's indirect subsidiaries and the shares of the Company.

# Titan Acquisition Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 13. Bank loans and overdrafts (continued)

On the £350,000,000 term loan, a hedging arrangement caps LIBOR payable on the outstanding loan at 3% p.a. The Group paid £324,000 to enter into the hedging arrangement and this is considered to be the fair value at the year end.

The hedging arrangement on the £389,275,000 term loan has been terminated following the refinancing of the loan. The fair value at the year end was £nil (2018 - £805,222 asset). The movement in the fair value of the interest rate swap has been recognised in Other Comprehensive Income.

### 14. Deferred tax

	2019 £
At beginning of year	(136,888)
Credited to other comprehensive income	136,888
<b>At end of year</b>	<b>-</b>

The deferred taxation liabilities is made up as follows:

	2019 £	2018 £
Derivative financial instruments	-	(136,888)

### 15. Called up share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
1 (2018: 1) Ordinary share of £1	<u>1</u>	<u>1</u>

### 16. Reserves

#### Hedging reserves

The effective portion of the changes in fair value of hedging instruments.

#### Retained earnings/(deficit)

All other net gains and losses and transactions with owners, such as dividends, that are not recognised elsewhere.

# Titan Acquisition Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 17. Related party transactions

As the Company is a wholly owned subsidiary of Titan Financing Holdco Limited, the Company has taken advantage of the exemption under section 33.1A of FRS 102 from disclosing transactions or balances with entities which form part of the group.

The Group has financing transactions with related parties which generate interest income. Details of the transactions and the year end balance are given below. All entities are considered to be related parties due to common ultimate ownership.

	2019 £	2018 £
<b>Balance outstanding at 31 December</b>		
Atlas Hotels Limited	337,337,932	321,895,356
London and Regional Group Trading No 3 Limited	-	14,118,799
Atlas Bermuda 2 Holdings Limited	11,245,185	-
London and Regional Group Hotel Holdings Ltd	62,795,386	-
Titan Investments Atlas Limited	729,046	-
	<u>412,107,549</u>	<u>336,014,155</u>

Interest income in the year to 31 December 2019 associated with the balance outstanding with Atlas Hotels Limited amounted to £15,450,592 (period to 31 December 2018: 18,267,346).

Interest associated with balances due from Atlas Bermuda 2 Holdings Limited and London and Regional Group Hotel Holdings Ltd only related to the period when these companies were wholly owned subsidiaries of the London and Regional Group Hotels Ltd Group and therefore have not been disclosed above. No comparative has been provided as the companies were part of the wholly owned Group in the period ended 31 December 2018.

### 18. Subsequent events

Subsequent to the year end the impact of COVID-19 on the UK economy took hold towards the end of March 2020 and it has subsequently had a significant impact on the wider economy as well as the Company's areas of operations.

COVID-19 is viewed as a non-adjusting event for the purposes of these financial statements however the Directors have had to consider its potential impact on the business when considering the ability of the Company to operate as a going concern, as set out within Note 2.

# **Titan Acquisition Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2019**

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### **19. Controlling party**

The Company's immediate parent undertaking is Titan Acquisition Holdco Limited, a company incorporated in England and Wales.

The largest and smallest group for which financial statements are drawn up which incorporate the results of Titan Acquisition Limited is that headed by Titan Financing Holdco Limited, a company incorporated in England and Wales.

The consolidated financial statements of Titan Financing Holdco Limited can be obtained from the Company Secretary at Quadrant House, Floor 6, 4 Thomas More Square, London E1W 1YW.

At 1 January 2018, the company's ultimate parent was London and Regional Group Hotels Ltd, a company incorporated in England and Wales.

From the 12 December 2019, the Company's ultimate parent became Titan Investment Limited, a company incorporated in Jersey, following its acquisition of Titan Financing Holdco Limited from London and Regional Group Hotels Ltd.

The ultimate controlling parties are Elcan Nominees Ltd and Mohul Nominees Ltd through their ownership of Titan Investment Limited.



# Titan Acquisition Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 20. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Principal activity
Atlas Hotels (Bath) Limited	Ordinary	Property investment
Atlas Hotels (Bedford) Limited	Ordinary	Property investment
Atlas Hotels (Bristol North) Limited	Ordinary	Property investment
Atlas Hotels (Chingford) Limited	Ordinary	Property investment
Atlas Hotels (Derby) Limited	Ordinary	Property investment
Atlas Hotels (Exeter) Limited	Ordinary	Property investment
Atlas Hotels (Glasgow) Limited	Ordinary	Property investment
Atlas Hotels (Greenwich) Limited	Ordinary	Property investment
Atlas Hotels (Inverness) Limited	Ordinary	Property investment
Atlas Hotels (Group 1) Limited	Ordinary	Property investment
Atlas Hotels (Lincoln) Limited	Ordinary	Property investment
Atlas Hotels (Liverpool) Limited	Ordinary	Property investment
Atlas Hotels (Oldbury) Limited	Ordinary	Property investment
Atlas Hotels (Group 2) Limited	Ordinary	Property investment
Atlas Hotels (Salford Quays) Limited	Ordinary	Property investment
Atlas Hotels (Stoke On Trent) Limited	Ordinary	Property investment
Atlas Hotels (Taunton) Limited	Ordinary	Property investment
Atlas Hotels (Warwick) Limited	Ordinary	Property investment
Atlas Hotels (Luton Airport) Limited	Ordinary	Property investment
Atlas Hotels (Hemel Hempstead) Limited	Ordinary	Property investment
Atlas Hotels (Cambridge) Limited	Ordinary	Property investment
Atlas Hotels (Edinburgh Waterfront) Limited	Ordinary, Deferred	Property investment
Atlas Hotels (Glasgow Airport) Limited	Ordinary	Property investment
Atlas Hotels (Stirling) Limited	Ordinary	Property investment
Atlas Hotels (Dartford - Jersey) Limited	Ordinary	Property investment
Atlas Hotels (Leeds - Jersey) Limited	Ordinary	Property investment
Atlas Hotels (Newcastle - Jersey) Limited	Ordinary	Property investment
Atlas Hotels (Glasgow Airport - Jersey) Limited	Ordinary	Property investment
Atlas (Portsmouth) Limited	Ordinary	Property investment
Atlas Hotels (Poole - Jersey) Limited	Ordinary	Property investment
Atlas Hotels (Exeter City Centre) Limited	Ordinary	Property investment
Atlas Hotels (Cambridge 2) Limited	Ordinary	Property investment
Atlas Hotels Group Limited	Ordinary	Holding company
LR (York) Limited	Ordinary	Property investment
Atlas Hotels (Borrowings 2) Limited	Ordinary	Holding company
Atlas Hotels (Stevenage) Limited	Ordinary	Property investment
Atlas Hotels (Property & Trading) Limited	Ordinary	Holding company
Atlas Hotels (Trading) Limited	Ordinary	Hotel operation and management

# Titan Acquisition Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 20. Subsidiary undertakings (continued)

Atlas Hotels (Property) Limited	Ordinary	Holding company
Atlas Hotels (Group 3 Property) Limited	Ordinary	Property investment
Atlas Hotels (Group 4 Property 1) Limited	Ordinary	Holding company
Atlas Hotels (Group 4 Property 2) Limited	Ordinary	Property company
Atlas Hotels (Bristol Property) Limited	Ordinary	Property company
Atlas Hotels (Birmingham NT 1) Limited	Ordinary	Dormant
Atlas Hotels (Birmingham NT 4) Limited	Ordinary	Dormant

Atlas Hotels Group Limited is the only company owned directly.

All subsidiaries are 100% owned and incorporated in the UK, with the exception of Atlas Hotels (Dartford - Jersey) Limited, Atlas Hotels (Leeds - Jersey) Limited, Atlas Hotels (Newcastle - Jersey) Limited, Atlas Hotels (Glasgow Airport - Jersey) Limited and Atlas Hotels (Poole - Jersey) Limited, which are incorporated in Jersey.

The registered address of Atlas (Portsmouth) Limited, Atlas Hotels (Exeter City Centre) Limited and LR (York) Limited is Quadrant House, Floor 6, 4 Thomas More Square, London, E1W 1YW.

The registered address of Atlas Hotels (Dartford - Jersey) Limited, Atlas Hotels (Leeds - Jersey) Limited, Atlas Hotels (Newcastle - Jersey) Limited, Atlas Hotels (Glasgow Airport - Jersey) Limited and Atlas Hotels (Poole - Jersey) Limited is Sanne, 13 Castle Street, St Helier, Channel Islands, Jersey, JE4 5UT.

The registered address of Atlas Hotels (Luton Airport) Limited, Atlas Hotels (Hemel Hempstead) Limited, Atlas Hotels (Cambridge) Limited, Atlas Hotels (Edinburgh Waterfront) Limited, Atlas Hotels (Glasgow Airport) Limited and Atlas Hotels (Stirling) Limited is Brodies, 15 Atholl Crescent, Edinburgh, EH3 8HA.

The registered address of all other subsidiary undertakings is Bridgeway House, Bridgeway, Stratford-upon-Avon, Warwickshire, CV37 6YX.