

Newco NHL UK (17) Limited

Report and Financial Statements

Period Ended

31 March 2020

Company Number 10842704



Newco NHL UK (17) Limited

Company Information

Directors	S Pasricha S B Mittal S Balachandran
Registered number	10842704
Registered office	Third Floor 20 Old Bailey London EC4M 7AN
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

Newco NHL UK (17) Limited

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Newco NHL UK (17) Limited

Group Strategic Report for the Period Ended 31 March 2020

The directors present their strategic report together with the audited consolidated financial statements for the fifteen months ended 31 March 2020.

Introduction

Newco NHL UK (17) Limited ('the company') was incorporated on 29 June 2017 as a wholly owned subsidiary of Norlake Hospitality Limited. The Norlake group is headed by Norlake Hospitality Limited and comprises subsidiaries operating and developing hotels in the UK, Europe and the USA.

On 1 August 2018, Norlake Hospitality Limited transferred its share ownership of 32 Sentier UK Limited to the company in return for consideration representing market value. Following this transfer, the external debt facility was increased and further secured by fixed and floating charges over the property, assets and undertakings of 32 Sentier s.a.r.l.

On 12 June 2019, Norlake Hospitality Limited transferred its share ownership of The Hoxton (Williamsburg) Limited to the company in return for consideration representing nominal value. Following this transfer, the external debt facility was increased and further secured by fixed and floating charges over the property, assets and undertakings of The Hoxton (Williamsburg) LLC.

As the above transactions were both part of group restructurings within the Norlake group, the directors considered that it was appropriate to apply merger accounting principles. Therefore, the results of the Newco NHL UK (17) group are set out as if the group had always been in existence as further explained in note 2.3.

Principal activities

The company acts as both a holding company and a financing company. The company both holds investments directly in UK operating subsidiaries, and also holds indirect investments, via a UK holding company, of two European operating subsidiaries and one US operating subsidiary (together 'the group'). The principal activity of the company's operating subsidiaries is the operation of hotels.

The group's operating hotels trade as 'The Hoxton Shoreditch', 'The Hoxton Holborn', 'The Hoxton Amsterdam', 'The Hoxton Paris' and 'The Hoxton Williamsburg' and comprise 888 bedrooms, as well as meeting rooms, bars and restaurants.

The company has an external debt facility which is secured on the property, assets and undertakings of its subsidiaries. The facility was increased by USD 62.7m in the period.

Performance summary

In the fifteen month period ended 31 March 2020, the group's turnover increased by £26.3m to £89.1m, with operating profit/(loss) decreasing by £25.6m to a £19.8m loss.

Financial highlights

Key measurements used to assess progress against revenue objectives are Average Daily Rate (ADR) and Revenue Per Available Room (RevPAR), a function of occupancy and average daily rate. In the current period, both ADR and RevPAR remained stable until coronavirus impacted the hotels from February 2020.

The directors have reviewed the performance of each hotel against its competitor set and are satisfied with the results.

Operational highlights

The group's operating hotels have responded well to continued development of their local competitive environments, ensuring that they constantly evolve with the area in which they are based.

Newco NHL UK (17) Limited

Group Strategic Report (continued) for the Period Ended 31 March 2020

Strategy

The group has benefited from the continued execution of the business's strategy, which is to build and operate hotels offering a unique guest experience, inspired by the local neighbourhood where each hotel is based.

Given the continued success, the same strategy will be followed in the coming year, with ongoing focus on developing new ideas and concepts in order to remain competitive

Future outlook

Since March 2020, the outbreak of the COVID-19 coronavirus has had a devastating impact on the world economy. The business and personal leisure travel markets are only expected to return when both employers and individuals feel that it is safe to do so from a health perspective (PWC Hotels - response to COVID-19 & Hotel forecast).

Following government guidance, all hotels within the group closed their doors in March 2020, utilising government support schemes where possible.

The hotels reopened during June and July 2020 focusing on leisure business as travel bans and quarantine measures limit Corporate and Group business. Management have reviewed the operating costs of the business and restructured to reflect the lower revenue expectation.

In November 2020, a national lockdown was imposed in France, resulting in The Hoxton Paris closing again temporarily. The hotel is expected to reopen in early 2021.

In December 2020, London was reclassified into Tier 4 local COVID-19 restrictions, resulting in the UK hotels closing again temporarily. The UK hotels are currently expected to reopen in early 2021.

The Hoxton Amsterdam and The Hoxton Williamsburg remain open, however with restrictions on operations in place.

Given the daily evolution of the COVID-19 outbreak and the global responses to curb the spread, the group is not able to accurately predict the future impact of the COVID-19 outbreak on its results of operation, financial condition or liquidity. The business will continue to monitor the outbreak in order to mitigate the impact of COVID-19 on the business, with a view to maximise yields.

Principal risks and uncertainties

Economic

The directors have assessed the main risk facing the group as being the global coronavirus pandemic involving the spread of COVID-19 and the counter measures adopted by governments to mitigate the impact of the pandemic. The safety of employees and guests are at the forefront of the response to the pandemic, which includes a comprehensive plan to protect employees and guests. The economic and operational impact on the hotel sector is widely reported and acknowledged by the directors. Restructures have been carried out to reduce hotel cost bases. The hotels are taking advantage of government support schemes to offset lower forecast revenue as well as maintaining proactive revenue strategies.

Competition

The local competitive environments surrounding each hotel continues to evolve. Market intelligence provides data about local markets to benchmark pricing decisions. An awareness of local hospitality and office developments, and planning applications for proposed developments, continues to be key to the directors' understanding of how trading may be affected by changes in the competitive environments. The directors are confident about the competitive position of the group's hotels in this changing marketplace.

Newco NHL UK (17) Limited

Group Strategic Report (continued) for the Period Ended 31 March 2020

The directors are confident that the quality of the product, the location of the group's hotels and the level of customer service will be a competitive advantage and create an opportunity to increase market share.

Legislative risks

Following the UK electorate voting in favour of the UK's exit from the European Union, the terms under which the UK and EU will trade are to be agreed. There is a risk that travel to the UK and ability of employers to recruit from outside the EU may be adversely impacted. To the extent possible and at the appropriate time, the directors will take action to mitigate the impact on the business.

Financial risk management

Interest rate risk

At 31 March 2020, the group has drawn down both fixed rate shareholder loans and variable rate bank borrowings. No interest rate hedge is in place.

Liquidity risk

The management team's objectives are to retain sufficient liquid funds to enable the group to meet its day to day obligations as they fall due. Surplus funds are returned to Norlake Hospitality Limited to reduce the outstanding shareholder loan.

Foreign exchange risk

Although the functional currency of the Group is Sterling, the Group's operating cashflows are transacted in Sterling, Euro and US Dollar. At 31 March 2020, the Group has drawn down external bank loans in Sterling, Euro and US Dollar to ensure that the interest costs arise in currencies that reflect the operating cash flows, thereby minimising net cashflows in foreign currencies. Hedge accounting is not used by the group.

Section 172 report

Stakeholder engagement is an important area of focus for Newco NHL UK (17) Limited and its subsidiaries (the "Group"). We ensure that we have open communication with our various stakeholder groups. We use information gained through these relationships to make informed judgements when making key decisions.

The directors understand the importance of their section 172 duty to act in good faith to promote the success of the Group. When making decisions, the interests of any key relevant stakeholders is considered, including employees, suppliers, customers, shareholders, the community, lenders and the environment. The Group is committed to developing business relationships with suppliers and customers.

The Board also takes into consideration the long-term consequences for both the Group and its relevant stakeholders when making these decisions by forecasting and considering the impact of these decisions. This ensures that the Group conducts its business in a fair way, protecting its reputation and external relationships.

Workforce engagement

The group employed on average 633 people during the period ending 31 March 2020 and actively engages with and develops its people.

The group provides regular updates to its employees through a number of internal channels from informal, local, hotel-level communications through to formal, quarterly, group-wide information sessions.

Diversity and inclusion surveys have been undertaken to better understand how we can make the group more inclusive and progressive. We have also set up a Global Inclusion Council to help us advance the opportunities and interest of our people from all diverse backgrounds. We want our Council to be made up of internal team members, as well as external consultants. Over the long term, we aim to improve representation of underrepresented groups as well as staff retention by fostering a sense of belonging amongst our employees.

Newco NHL UK (17) Limited

Group Strategic Report (continued) for the Period Ended 31 March 2020

Upon joining, all new team members undergo a relevant and comprehensive induction program developed to provide support and guidance for their role.

Internal training is provided for all team members to support them in performance of their roles and additional management training is provided as team members take on management duties.

For employees who prefer to raise any concerns confidentially, we have internal and external channels whereby any employee can ask a question of the senior leadership team anonymously, which are regularly reviewed and answered.

Shareholder engagement

The Board is committed to ensuring there is continued sufficient and effective communication and engagement between the Group and the shareholders through various different means throughout the year. This includes the Report and Financial Statements which sets out the Group's strategy and performance over the past financial year and plans for future growth. Additionally, KPIs relating to operating hotels as well as the group as a whole are reported on a quarterly basis with commentary to explain key performance details.

Supplier engagement

We undertake significant due diligence on our suppliers, and we have regular monitoring to ensure all suppliers are working in line with our minimum standards. Key suppliers include construction, food & beverage, cleaning, property maintenance & IT/security infrastructure.

To ensure there is two-way communication with suppliers, we regularly engage with them by phone and/or onsite. Contracts are reviewed regularly and a fair competitive process is carried out when agreements expire or are due for renewal.

Community engagement

The Group has continued its 'Do More' programme, which allows our employees to engage in charitable projects and activities that aim to extend our hospitality to those who cannot access or afford it. In the cities where we operate, our employees volunteer and fundraise for local charities that impact the neighbourhoods.

The Group continues to prioritise the local community. From the artwork in our lobbies to the wallpaper and furnishing in our bedrooms, the uniforms our team wear and the events programmes we curate, we strive to be an authentic reflection of our neighbourhoods, whilst supporting the communities around us. By rooting deep within the community we aim to be a focal point of the local areas for many years to come.

Customers

As part of our staff training, we emphasise the importance of engaging with customers throughout their experience. We enable our customers to get up to date pricing information and promotions through emails and our website, and we carry out a number of guest satisfaction surveys.

We operate a 'Surprise & Delight' project where we learn about and cater to our guests needs to exceed their expectations. The continued happiness and welfare of our guests is of the utmost importance and therefore all staff are encouraged to engage with the guests throughout their stay to provide a personalised service, as well as following up on feedback, whether directly or via booking sites. We ensure our offering remains up to date and attractive to customers, with a continuing process of refurbishment and renewal throughout the hotel.

We aim to increase the amount of repeat business by growing long term brand loyalty. We expect this to grow exponentially over the coming years as we look to open more hotels.

Newco NHL UK (17) Limited

Group Strategic Report (continued) for the Period Ended 31 March 2020

Lender engagement

There is regular communication with the lenders to discuss business performance, the market and any current issues. Additionally, lenders are reported to on a quarterly basis, to update on the performance of the relevant hotels.

Environment

The group is committed to reducing its environmental impact. We have already removed plastic straws and water bottles from use and are looking to eliminate single use plastic from all areas of our hotels. A carbon audit is currently being undertaken across all hotels to assess our environmental impact and develop an action plan.

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



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S Balachandran
Director

Date: 22 January 2021

Newco NHL UK (17) Limited

Directors' Report for the Period Ended 31 March 2020

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

Results and dividends

The loss for the period, after taxation, amounted to £37.2m (31 December 2018 – £9.5m).

Particulars of dividends paid are detailed in note 11 to the financial statements.

Directors

The directors who served during the period were:

S Pasricha
S B Mittal
S Balachandran
S Kapasi (resigned 21 June 2019)
D G Caldecott (appointed 18 June 2019 and resigned 20 March 2020)

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

Directors' responsibilities

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group and the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Matters covered in the strategic report

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on pages 1 - 5. These matters relate to the principal risks to which the company is exposed and future developments.

Newco NHL UK (17) Limited

Directors' Report for the Period Ended 31 March 2020

Disclosure of information to auditor

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

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

Going concern

The Directors have considered the funding requirements of the business for the next twelve months, including considering the ongoing impact of COVID-19. On the basis of their assessment, the company has been prepared on a going concern basis, as explained in note 2.4.

Auditor

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

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



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S Balachandran
Director

Date: 22 January 2021

Newco NHL UK (17) Limited

Independent Auditor's report to the members of Newco NHL UK (17) Limited

Opinion

We have audited the financial statements of Newco NHL UK (17) Limited ("the parent company") and its subsidiaries ("the group") for the 15 months period to 31 March 2020 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Newco NHL UK (17) Limited

Independent Auditor's report to the members of Newco NHL UK (17) Limited (continued)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the group strategic report and directors' report for the financial period for which the financial statements are prepared, is consistent with the financial statements; and
- the group strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the group strategic report and directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Newco NHL UK (17) Limited

Independent Auditor's report to the members of Newco NHL UK (17) Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



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

Date: 26 January 2021

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

Newco NHL UK (17) Limited

Consolidated Statement of Comprehensive Income for the Period Ended 31 March 2020

	Note	15 months ended 31 March 2020 £'000	Year ended 31 December 2018 (restated) £'000
Turnover	4	89,145	62,827
Cost of sales		(38,757)	(27,144)
Gross profit		50,388	35,683
Administrative expenses		(45,245)	(29,823)
Impairment of tangible fixed assets	3	(24,897)	-
Operating (loss)/profit	5	(19,754)	5,860
Interest receivable and similar income	8	1	-
Interest payable and similar charges	9	(16,676)	(15,539)
Loss before taxation		(36,429)	(9,679)
Tax on loss	10	(741)	212
Loss for the financial period		(37,170)	(9,467)
Currency translation differences		(484)	372
Other comprehensive income for the period		(484)	372
Total comprehensive loss for the period		(37,654)	(9,095)

All amounts relate to continuing operations.

The notes on pages 18 to 39 form part of these financial statements.

Newco NHL UK (17) Limited

Registered number: 10842704

Consolidated Statement of Financial Position as at 31 March 2020

	Note	31 March 2020 £'000	31 December 2018 (restated) £'000
Fixed assets			
Investments	14	-	18,497
Intangible assets	12	1,179	1,374
Tangible assets	13	294,653	319,422
Long term deposits	15	5,370	3,790
		<hr/>	<hr/>
		301,202	343,083
Current assets			
Stocks	16	626	1,019
Debtors	17	6,936	4,265
Cash and cash equivalents		5,250	13,206
		<hr/>	<hr/>
		12,812	18,490
Creditors: amounts falling due within one year	18	(414,502)	(245,596)
		<hr/>	<hr/>
Net current liabilities		(401,690)	(227,106)
		<hr/>	<hr/>
Total assets less current liabilities		(100,488)	115,977
Creditors: amounts falling due after more than one year	19	-	(179,872)
Deferred taxation	21	(15,933)	(14,872)
		<hr/>	<hr/>
Net liabilities		(116,421)	(78,767)
		<hr/>	<hr/>
Capital and reserves			
Share capital	22	57,380	57,380
Foreign exchange reserve	23	6,078	6,562
Other reserves	23	1	1
Merger reserve	23	(106,316)	(106,316)
Accumulated losses	23	(73,564)	(36,394)
		<hr/>	<hr/>
		(116,421)	(78,767)
		<hr/>	<hr/>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



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S Balachandran
Director

Date: 22 January 2021

The notes on pages 18 to 39 form part of these financial statements.

Newco NHL UK (17) Limited
Registered number: 10842704

Company Statement of Financial Position
as at 31 March 2020

	Note	31 March 2020 £'000	31 December 2018 £'000
Fixed assets			
Investments in subsidiary companies	14	211,271	225,100
Long term deposits	15	5,370	3,790
		<hr/>	<hr/>
		216,641	228,890
Current assets			
Debtors	17	150,355	126,261
Cash and cash equivalents		442	283
		<hr/>	<hr/>
		150,797	126,544
Creditors: amounts falling due within one year	18	(365,258)	(125,655)
		<hr/>	<hr/>
Net current (liabilities)/assets		(214,461)	889
		<hr/>	<hr/>
Total assets less current liabilities		2,180	229,779
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	19	-	(179,872)
		<hr/>	<hr/>
Net assets		2,180	49,907
		<hr/>	<hr/>
Capital and reserves			
Share capital	22	57,380	48,397
Retained earnings	23	(55,200)	1,510
		<hr/>	<hr/>
		2,180	49,907
		<hr/>	<hr/>

The company has taken advantage of the exemption allowed under section 208 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of the parent company for the period was £58,960k (31 December 2018 – profit of £928k).

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



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S Balachandran
Director

Date: 22 January 2021

The notes on pages 18 to 39 form part of these financial statements.

Newco NHL UK (17) Limited

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

	Share Capital £'000	Foreign Exchange Reserve £'000	Other reserves £'000	Merger reserve £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2019	57,380	6,562	1	(106,316)	(36,394)	(78,767)
Comprehensive income for the period						
Loss for the period	-	-	-	-	(37,170)	(37,170)
Currency translation differences	-	(484)	-	-	-	(484)
At 31 March 2020	57,380	6,078	1	(106,316)	(73,564)	(116,421)

The notes on pages 18 to 39 form part of these financial statements.

Newco NHL UK (17) Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2018 (restated)

	Share capital £'000	Foreign Exchange Reserve £'000	Other reserves £'000	Merger reserve £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2018	57,380	6,190	1	(106,316)	(26,927)	(69,672)
Comprehensive income for the year						
Loss for the year	-	-	-	-	(9,467)	(9,467)
Currency translation differences	-	372	-	-	-	372
At 31 December 2018	57,380	6,562	1	(106,316)	(36,394)	(78,767)

The notes on pages 18 to 39 form part of these financial statements.

Newco NHL UK (17) Limited

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

	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 January 2019	48,397	1,510	49,907
Comprehensive income for the period			
Loss for the period	-	(58,960)	(58,960)
Total comprehensive loss for the period	-	(58,960)	(58,960)
Dividends	-	2,250	2,250
Shares issued during the period	8,983	-	8,983
At 31 March 2020	57,380	(55,200)	2,180

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

	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 January 2018	-	582	582
Comprehensive income for the year			
Profit for the year	-	928	928
Total comprehensive income for the year	-	928	928
Shares issued during the year	48,397	-	48,397
At 31 December 2018	48,397	1,510	49,907

The notes on pages 18 to 39 form part of these financial statements.

Newco NHL UK (17) Limited

Consolidated Statement of Cash Flows for the Period Ended 31 March 2020

	Note	15 months ended 31 March 2020 £'000	Year ended 31 December 2018 (restated) £'000
Cash flows from operating activities			
Loss for the financial period		(37,170)	(9,466)
Adjustments for:			
Amortisation of intangible fixed assets	12	195	140
Depreciation of tangible fixed assets	13	12,926	8,654
Impairment of tangible fixed assets	3	24,897	-
Loss on disposal of tangible fixed assets		-	8
Interest credited to income statement	8	(1)	-
Interest charged to income statement	9	16,676	15,539
Taxation charged to income statement	10	741	479
Decrease/(increase) in stocks		393	(604)
Increase in debtors		(3,412)	(674)
(Decrease)/Increase in creditors		(6,491)	3,758
UK and foreign tax paid		-	(351)
Net cash generated from operating activities		8,754	17,483
Cash flows from investing activities			
Purchases of intangible fixed assets	12	-	(100)
Purchase of tangible fixed assets	13	(10,770)	(24,481)
Disposal of tangible fixed assets	13	-	7
Long term deposits	15	(1,580)	(1,137)
Interest received	8	1	-
Cash paid on business combination		-	(744)
Net cash used in investing activities		(12,349)	(26,455)
Cash flows from financing activities			
New secured loans		49,346	66,357
Loan arrangement fee		(2,271)	(1,225)
New loans from group companies		16,924	31,552
Loans from group companies repaid		(60,834)	(77,208)
Interest paid		(6,460)	(8,218)
Net cash (used in)/generated from financing activities		(3,295)	11,258
Net decrease in cash and cash equivalents		(6,890)	2,286
Cash and cash equivalents at beginning of period		13,206	12,371
Movement on foreign exchange		(1,066)	(1,451)
Cash and cash equivalents at end of period		5,250	13,206

The notes on pages 18 to 39 form part of these financial statements.

Newco NHL UK (17) Limited

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

1. General information

Newco NHL UK (17) Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and principal activity are set out in the strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. In addition, the company have not presented a statement of cash flows as permitted by FRS 102.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Norlake Hospitality Limited as at 31 March 2020 and these financial statements may be obtained from Companies House.

Newco NHL UK (17) Limited

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

2. Accounting policies (continued)

2.3 Basis of consolidation

The company was incorporated on 29 June 2017. On 1 August 2018 the company acquired 95% interest in 32 Sentier UK Limited and its subsidiary 32 Sentier s.a.r.l. On 12 June 2019 the company acquired 95% interest in The Hoxton (Williamsburg) Limited and its subsidiary The Hoxton (Williamsburg) LLC. The financial statements have been prepared following the principles of merger accounting.

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

In the consolidated financial statements, merged subsidiary undertakings are treated as if they have always been a member of the group. The results of such a subsidiary are included for the whole period in the financial period that it joins the group. The corresponding figures for the previous year include its results for that period, the assets and liabilities at the previous statement of financial position date and the shares issued by the company as consideration as if they had always been in issue. Any difference between the nominal value of the shares acquired by the company and those issued by the company to acquire them is taken to a separate merger reserve.

2.4 Going concern

The directors have committed facilities in place from the parent group which will allow the group to ensure it can meet its liabilities as they fall due. In addition, the directors have received confirmation from its immediate parent company, Norlake Hospitality Limited, that the intercompany loan provided to the company will not be recalled for a period of at least 12 months from the date of approval of these financial statements, unless the group is able to repay them. Having made appropriate enquiries, and taking into account the confirmations above, the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements. Therefore, the directors have concluded it is appropriate to prepare the financial statements on a going concern basis.

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Room revenue is the main source of turnover for the group, which is recognised over the period the rooms are occupied. Other income is recognised when services are rendered and an invoice is raised to the customer.

Newco NHL UK (17) Limited

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

2. Accounting policies (continued)

2.6 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the consolidated statement of comprehensive income over its useful economic life, which range from 7 to 50 years.

Other intangible assets

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

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years. The useful life for other intangible assets has been assessed to be 7 years, which is the remaining term of the original lease they relate to.

2.7 Tangible fixed assets

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

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

Depreciation is provided on the following basis:

Freehold property	-	2%
Long-term leasehold property	-	2%
Plant and machinery	-	6.67%
Fixtures and fittings	-	10%
Office equipment	-	33.33%
Assets under construction	-	Nil

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

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

Newco NHL UK (17) Limited

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

2. Accounting policies (continued)

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

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

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

2.12 Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to and from related parties and accrued expenses.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income.

Newco NHL UK (17) Limited

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

2. Accounting policies (continued)

2.12 Financial instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.13 Creditors

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

2.14 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Pound Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

Newco NHL UK (17) Limited

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

2. Accounting policies (continued)

2.15 Finance costs

Finance costs are charged to the consolidated statement of comprehensive income 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.

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.17 Operating leases

Rentals paid under operating leases are charged to the income statement on a straight line basis over the lease term.

2.18 Pensions

Defined contribution pension plan

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

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

2.19 Interest income

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

Newco NHL UK (17) Limited

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

2. Accounting policies (continued)

2.20 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

2.21 Reporting period

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

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

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

- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. An impairment charge of £24,897k (31 December 2018 - £nil) has been recorded against one of the assets in the group. The directors have based their assessment on the carrying value on their expected value in use from future trading and a comparison of this to an external valuation obtained. The directors and the external valuers note that COVID-19 has presented an unprecedented set of circumstances across the globe and given the unknown future impact that it may have on the real estate market, there is a higher level of judgement and hence less certainty attached to the value held at the balance sheet date. In concluding on the value of impairment, the directors considered downside risk to their own models and the external valuers. A further 5% reduction in the value would result in an additional impairment charge of £2,977,000, while a further 10% reduction, which is considered to be relatively extreme, would result in additional impairment charge of £5,955,000.

Newco NHL UK (17) Limited

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

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

Other key sources of estimation uncertainty

- *Tangible fixed assets (see note 13)*

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

- *Impairment of the investments in subsidiaries*

An impairment charge of £22,812k (31 December 2018 - £nil) has been recorded against the company's investment in subsidiaries. Additionally, an impairment charge of £28,796k (31 December 2018 - £nil) has been recorded against the company's amounts owed by group undertakings. The directors have based their assessment on the carrying value on their expected value in use from future trading and a comparison of this to an external valuation obtained.

4. Turnover

An analysis of turnover by class of business is as follows:

	15 months ended 31 March 2020 £'000	Year ended 31 December 2018 (restated) £'000
Hotel operations	89,145	62,827
Analysis of turnover by country:		
United Kingdom	32,486	29,225
France	23,773	17,889
The Netherlands	14,161	11,689
USA	18,725	4,024
	89,145	62,827

Newco NHL UK (17) Limited

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

5. Operating profit

The operating profit is stated after charging:

	15 months ended 31 March 2020 £'000	Year ended 31 December 2018 (restated) £'000
Depreciation of tangible fixed assets	12,926	8,654
Impairment of tangible fixed assets	24,897	-
Amortisation of intangible fixed assets, including goodwill	195	140
Fees payable to the group's auditor for the audit of the financial statements	65	43
Other operating lease rentals	932	778
Defined contribution pension costs	612	405
	<u> </u>	<u> </u>

6. Employees

Staff costs were as follows:

	Group 15 months ended 31 March 2020 £'000	Group Year ended 31 December 2018 (restated) £'000	Company 15 months ended 31 March 2020 £'000	Company Year ended 31 December 2018 £'000
Wages and salaries	21,642	13,878	-	-
Social security costs	2,835	2,058	-	-
Cost of defined contribution scheme	612	405	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	25,089	16,341	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

	15 months ended 31 March 2020 Number	Year ended 31 December 2018 (restated) Number
Administrative staff	583	439
Management staff	50	49
	<u> </u>	<u> </u>
	633	488
	<u> </u>	<u> </u>

Newco NHL UK (17) Limited

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

7. Directors' remuneration

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

8. Interest receivable and similar income

	15 months ended 31 March 2020 £'000	Year ended 31 December 2018 (restated) £'000
Other interest receivable	1	-

9. Interest payable and similar charges

	15 months ended 31 March 2020 £'000	Year ended 31 December 2018 (restated) £'000
Bank interest payable	8,835	3,534
Interest payable on loans from group undertakings	8,935	8,509
Exchange (gains)/losses	(1,094)	3,496
	16,676	15,539

Newco NHL UK (17) Limited

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

10. Taxation

	15 months ended 31 March 2020 £'000	Year ended 31 December 2018 (restated) £'000
Corporation tax		
Current tax on loss for the period	-	-
Adjustments in respect of prior periods	(19)	(94)
Group taxation relief receivable	(1,004)	(789)
	<u>(1,023)</u>	<u>(883)</u>
Foreign tax		
Foreign tax on income for the period	795	714
	<u>(228)</u>	<u>(169)</u>
Deferred tax		
Origination and reversal of timing differences	(274)	(55)
Adjustments in respect of prior periods	34	12
Effect of tax rate change on opening balance	1,209	-
	<u>969</u>	<u>(43)</u>
Taxation on loss on ordinary activities	<u>741</u>	<u>(212)</u>

Newco NHL UK (17) Limited

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

10. Taxation (continued)

Factors affecting tax credit for the period

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

	15 months ended 31 March 2020 £'000	Year ended 31 December 2018 (restated) £'000
Loss on ordinary activities before tax	(36,429)	(9,679)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (31 December 2018 – 19.00%)	(6,922)	(1,839)
Effects of:		
Expenses not deductible for tax purposes	4,943	1,357
Income not assessable for tax purposes	(265)	-
Fixed asset differences	262	191
Additional deduction for land remediation expenditure	-	(3)
Group relief surrendered	1,198	789
Payment for group relief	(1,198)	(789)
Adjustments to tax charge in respect of prior periods	(84)	(94)
Adjustments to tax charge in respect of prior periods (deferred tax)	34	12
Adjustments to deferred tax due to change in tax rates	253	(19)
Movement in deferred tax not recognised	1,141	183
Losses brought back	(197)	-
Change in tax rates	955	-
Difference in overseas tax rates	356	-
Deferred tax not recognised	265	-
Total tax charge/(credit) for the period	741	(212)

Newco NHL UK (17) Limited

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

11. Dividends

	15 months ended 31 March 2020 £'000	Year ended 31 December 2018 £'000
Dividends received	2,250	-

Included in dividends received are dividends of £2,250,000 from The Hoxton (Shoreditch) Limited which were all paid to Newco NHL UK (17) Limited.

12. Intangible assets

Group	Goodwill £'000	Other intangibles £'000	Total £'000
Cost			
At 1 January 2019	1,745	100	1,845
Additions	-	-	-
At 31 March 2020	1,745	100	1,845
Amortisation			
At 1 January 2019	459	12	471
Charge for the period	176	19	195
At 31 March 2020	635	31	666
Net book value			
At 31 March 2020	1,110	69	1,179
At 31 December 2018	1,286	88	1,374

Newco NHL UK (17) Limited

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

13. Tangible fixed assets

Group (restated)	Freehold property	Long-term leasehold property	Plant and machinery	Fixtures and fittings	Office equipment	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 January 2018	250,731	74,040	2,753	19,105	2,315	1,674	350,618
Additions	(1,390)	4	19	1,188	129	11,631	11,581
Transfers	8,759	-	-	724	-	(9,483)	-
Exchange adjustments	1,290	-	(2)	83	19	-	1,390
At 31 March 2020	259,390	74,044	2,770	21,100	2,463	3,822	363,589
Depreciation							
At 1 January 2018	10,320	11,913	1,384	6,493	1,086	-	31,196
Charge for the period	6,733	2,049	244	3,273	627	-	12,926
Impairment (see note 3)	24,897	-	-	-	-	-	24,897
Exchange adjustments	(40)	-	-	(43)	-	-	(83)
At 31 March 2020	41,910	13,962	1,628	9,723	1,713	-	68,936
Net book value							
At 31 March 2020	217,480	60,082	1,142	11,377	750	3,822	294,653
At 31 December 2018	240,411	62,127	1,369	12,612	1,229	1,674	319,422

Included within Freehold property additions is a reversal of overaccruals of £1,776k in relation to The Hoxton (Williamsburg) LLC.

Newco NHL UK (17) Limited

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

14. Fixed asset investments

Company	Investments in subsidiary companies £'000
Cost	
At 1 January 2019	225,100
Additions	8,983
Impairment of fixed asset investments (see note 3)	(22,812)
	<hr/>
At 31 March 2020	211,271

On 12 June 2019, Norlake Hospitality Limited transferred its share ownership of The Hoxton (Williamsburg) Limited (and its subsidiary The Hoxton (Williamsburg) LLC) to the company in return for 8,982,709 ordinary £1 shares of the company.

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the company:

Name	Principal activity	Class of shares	Holding	Registered office key
The Hoxton (Holborn) Limited	Operating a hotel	A Ordinary	95%	(1)
The Hoxton (Shoreditch) Limited	Operating a hotel	A Ordinary	95%	(1)
The Hoxton (Amsterdam) UK Limited	Holding company	A Ordinary	95%	(1)
32 Sentier UK Limited	Holding company	A Ordinary	95%	(1)
The Hoxton (Williamsburg) Limited	Holding company	A Ordinary	95%	(1)

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the company:

Name	Principal activity	Class of shares	Holding	Registered office key
WS Hotels Properties (Shoreditch) Limited	Dormant company	A Ordinary	95%	(1)
The Hoxton (Amsterdam) B.V.	Operating a hotel	A Ordinary	95%	(2)
32 Sentier s.a.r.l	Operating a hotel	A Ordinary	95%	(3)
The Hoxton (Williamsburg) LLC	Operating a hotel	A Ordinary	95%	(4)

Registered office addresses:

- (1) Third Floor, 20 Old Bailey, London, United Kingdom, EC4M 7AN
- (2) Herengracht 225, 1016 BJ Amsterdam.
- (3) C/O Macofi, 267 Boulevard Pereire, 75017 Paris.
- (4) Corporation Trust Center, 1209 Orange Street, Wilmington.

Group

On 18 April 2019, The Hoxton (Williamsburg) Limited transferred its investment in Newark (US) LLC to Norlake Hospitality Limited at market value. As the company was subject to merger accounting the investment of £nil (31 December 2018 - 18,496,920) was included within investments in the consolidated statement of financial position. Included within interest payable and similar charges is a gain on disposal of this investment of £1,390k.

Newco NHL UK (17) Limited

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

15. Long term deposits

Long term deposits relate to cash held in bank accounts in accordance with the terms of Newco NHL UK (17) Limited's external loan facility.

16. Stocks

	Group 31 March 2020 £'000	Group 31 December 2018 (restated) £'000
Finished goods and goods for resale	626	1,019

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the period as an expense was £9,364k (31 December 2018 – £5,524k).

17. Debtors

	Group 31 March 2020 £'000	Group 31 December 2018 (restated) £'000	Company 31 March 2020 £'000	Company 31 December 2018 £'000
Trade debtors	1,420	587	-	-
Amounts owed by group undertakings	148	110	147,145	124,776
Other amounts owed by group undertakings	3,275	1,366	3,210	1,485
Other debtors	861	639	-	-
Prepayments and accrued income	1,075	1,385	-	-
Corporation tax recoverable	157	178	-	-
	6,936	4,265	150,355	126,261

Amounts owed by group undertakings are non-interest bearing and are repayable on demand.

Other amounts owed by group undertakings relate to group relief receipts and are non-interest bearing and are repayable on demand.

Newco NHL UK (17) Limited

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

18. Creditors: Amounts falling due within one year

	Group 31 March 2020 £'000	Group 31 December 2018 (restated) £'000	Company 31 March 2020 £'000	Company 31 December 2018 £'000
Trade creditors	1,329	2,534	-	-
Amounts owed to group undertakings	175,290	228,852	135,361	125,654
Other taxation and social security	160	1,490	-	-
Other creditors	866	1,954	-	-
Accruals and deferred income	6,710	8,899	117	1
Amounts owed to related parties	371	1,867	4	-
Bank loans	229,776	-	229,776	-
	<u>414,502</u>	<u>245,596</u>	<u>365,258</u>	<u>125,655</u>

Amounts owed to group undertakings are interest bearing at a fixed interest rate of 4%, are unsecured and fall due within one year.

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

	Group 31 March 2020 £'000	Group 31 December 2018 £'000	Company 31 March 2020 £'000	Company 31 December 2018 £'000
Bank loans	-	179,872	-	179,872

The bank loans accrue interest at a rate of LIBOR/EURIBOR plus 1.75%. Interest is payable quarterly in arrears. As at 31 March 2020 the bank loans were repayable in full in September 2020. After the period end, the facility was refinanced (see note 28) and is now repayable in full until December 2021.

In September 2017, Newco NHL UK (17) Limited entered into a new loan facility, which was secured by fixed and floating charges over the property, assets and undertakings of its operating subsidiaries, The Hoxton (Shoreditch) Limited, The Hoxton (Holborn) Limited and The Hoxton (Amsterdam) B.V.

In August 2018 the loan facility was increased and further secured by fixed and floating charges over the property, assets and undertakings of 32 Sentier s.a.r.l.

In June 2019 the loan facility was increased and further secured by fixed and floating charges over the property, assets and undertakings of The Hoxton (Williamsburg) LLC.

Bank loans are shown net of unamortised fees totalling £1,283,212 at 31 March 2020 (31 December 2018 - £1,321,283).

Newco NHL UK (17) Limited

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

20. Financial instruments

	Group 31 March 2020 £'000	Group 31 December 2018 (restated) £'000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	16,324	13,775
Financial liabilities		
Financial liabilities measured at amortised cost	(410,342)	(421,322)

Financial assets measured at amortised cost comprise trade and other debtors, amounts owed by group and related undertakings, cash and cash equivalents, long term deposits and accrued income.

Financial liabilities measured at amortised cost comprise trade and other creditors, loans from banks and related parties and accrued expenses.

21. Deferred taxation

Group	31 March 2020 £'000	31 December 2018 £'000
At beginning of period	(14,872)	(14,842)
Credited to statement of comprehensive income	(969)	43
Exchange adjustments	(92)	(73)
At end of period	(15,933)	(14,872)
The provision for deferred taxation is made up as follows:		
Accelerated capital allowances	(2,775)	(2,385)
Short-term timing differences	4	6
Deferred tax arising on business acquisitions	(13,162)	(12,493)
	(15,933)	(14,872)

Newco NHL UK (17) Limited

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

22. Share capital

Group	31 March 2020 £'000	31 December 2018 (restated) £'000
Allotted, called up and fully paid		
57,379,710 Ordinary shares of £1.00 each (31 December 2018 – 57,379,710)	<u>57,380</u>	<u>57,380</u>
Company	31 March 2020 £'000	31 December 2018 (restated) £'000
Allotted, called up and fully paid		
57,379,710 Ordinary shares of £1.00 each (31 December 2018 – 48,397,001)	<u>57,380</u>	<u>48,397</u>

During the period the company issued 8,982,709 ordinary £1 shares as part of a share for share exchange with Norlake Hospitality Limited, acquiring in the process 95% of The Hoxton (Williamsburg) Limited and its subsidiary The Hoxton (Williamsburg) LLC. This was treated using merger accounting for the group.

23. Reserves

Foreign exchange reserve

Foreign exchange reserve represents cumulative gains and losses arising on the retranslation of the net assets of overseas operations into the group presentational currency.

Other reserves

The other reserve represents the nominal value of the B shares issued by certain subsidiaries of the company to a related party. These B shares entitle the shareholder to 5% of the voting rights in these subsidiaries but do not carry any rights to dividends and as such there is no non-controlling interest arising from the issue of the B shares.

Merger reserve

Merger reserve represents the difference between the value of the investment made by the company into its subsidiaries and the net assets of the subsidiaries at the date of acquisition.

Accumulated losses

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

Newco NHL UK (17) Limited

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

24. Capital commitments

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

	31 March 2020 £'000	31 December 2018 (restated) £'000
Contracted for but not provided in these financial statements	5,271	9,474

The capital commitments at both period ends are in relation to development, refurbishment and extension works being undertaken at the hotels.

25. Pension commitments

The group operates a defined contributions pension scheme for its UK employees, and schemes in line with local regulations for its employees in France, the Netherlands, and the USA. The assets of the schemes are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £611,618 (31 December 2018 - £404,831). Contributions totalling £66,140 (31 December 2018 - £215,772) were payable to the funds at the reporting date and are included in creditors.

26. Commitments under operating leases

At 31 March 2020 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 31 March 2020 £'000	Group 31 December 2018 £'000
Not later than 1 year	663	555
Later than 1 year and not later than 5 years	2,651	2,218
Later than 5 years	53,688	45,470
	57,002	48,243

Newco NHL UK (17) Limited

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

27. Related party transactions

The group is related to Ennismore International Management Limited ('Ennismore') by virtue of the fact that Ennismore is controlled by a director of the group. Ennismore charges the group management and other service fees incurred for the purposes of the group.

The group's immediate parent company is Norlake Hospitality Limited ('NHL'). NHL recharges the group for payroll and other direct costs incurred for the purposes of the group.

Related party balances

	31 March 2020	31 December 2018 (restated)
	£'000	£'000
Amounts owed to related parties		
Loan balance (including accrued interest) due to NHL	(175,290)	(228,852)
Amounts owed to Ennismore	(371)	(1,867)
Group tax receivable	3,275	1,366
Amounts owed by fellow subsidiaries	148	110

Related party transactions

	15 months Ended 31 March 2020	Year ended 31 December 2018 (restated)
	£'000	£'000
Interest charged by NHL	(8,921)	(8,509)
Loan and interest repayments to NHL	(60,834)	(76,202)
Expenses recharged by NHL	(206)	(49)
Expenses recharged by Ennismore	(5,582)	(2,885)
Management fees charged by Ennismore	(6,872)	(6,902)
Group tax relief surrendered	(1,198)	(789)
Group tax relief payments	(1,117)	(1,004)

Key management personnel are those who together, have authority and responsibility for planning, directing, and controlling the activities of the group. Key management personnel remuneration for the current period is £nil as all directors and senior management considered are remunerated by companies outside the group (31 December 2018 - £nil).

Newco NHL UK (17) Limited

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

28. Events after the reporting date

On 25 November 2020 the group's loan facility was refinanced at comparable market rates. The new loan facility is repayable in full in December 2021. Additionally on this date a fellow subsidiary of Norlake Hospitality Limited increased its debt facility by £50.0m. The group is a guarantor of this debt facility.

29. Controlling party

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

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