

**Newco NHL UK (17) Limited**

Report and Financial Statements

Year Ended

31 December 2018

Company Number 10842704

THURSDAY



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## **Newco NHL UK (17) Limited**

### **Company Information**

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<b>Directors</b>	S Pasricha S Kapasi S B Mittal S Balachandran
<b>Registered number</b>	10842704
<b>Registered office</b>	4th Floor 159 St. John Street London EC1V 4QJ
<b>Independent auditor</b>	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 Year Ended 31 December 2018**

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The directors present their strategic report together with the audited consolidated financial statements for the year ended 31 December 2018.

### **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 Europe and the USA.

On 27 September 2017, Norlake Hospitality Limited transferred its share ownership of The Hoxton (Shoreditch) Limited, The Hoxton (Holborn) Limited and The Hoxton (Amsterdam) UK Limited to the company in return for consideration representing market value. The purpose of this restructure was to create a 'banking group' comprising the company and its subsidiaries, which would be able to enter into external debt arrangements.

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.

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. This means that the consolidated financial statements include the results of the company and its subsidiaries for the year ended 31 December 2018, with the comparative year ended 31 December 2017 presented on the same basis. The company's own financial statements are for the year ended 31 December 2018, with the comparative period being from incorporation to 31 December 2017.

### **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 (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' and 'The Hoxton Paris' and comprise 667 bedrooms, 24 meeting rooms and seven 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 EUR74.5m in the year.

# **Newco NHL UK (17) Limited**

## **Group Strategic Report (continued) for the Year Ended 31 December 2018**

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### **Performance summary**

In the year ended 31 December 2018, the group's turnover increased by £18.9m to £58.8m, with operating profit increasing by £3.3m to £9.9m.

### *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 2018, both ADR of £197 and RevPAR of £182 increased compared to 2017.

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.

### **Strategy and future outlook**

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, including an extension project at The Hoxton Holborn to increase the number of hotel rooms and further develop its food and beverage offerings and the development of a rooftop bar at The Hoxton Shoreditch.

The group's trading hotels will continue their day to day focus on managing the hotels successfully in order to maximise yield and long term value. Trade across the group's hotels has started positively during 2019 and this, together with a satisfactory level of advanced bookings for the second half of the year, positions the group well towards achieving its 2019 performance targets.

# Newco NHL UK (17) Limited

## Group Strategic Report (continued) for the Year Ended 31 December 2018

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### Principal risks and uncertainties

#### *Economic*

The directors have assessed the main risk facing the group as being the occurrence of shocks to the European economy, particularly the travel sector, which could lead to lower occupancy from corporate customers as well as lower weekend bookings by leisure customers.

The directors believe that the quality of the product, the location of the group's existing and new hotels and the level of customer service will help mitigate any impact from this risk and hope to see continued growth and satisfactory trading results in the coming year.

#### *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.

#### *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 December 2018, 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 both Sterling and Euro. At 31 December 2018, the Group has drawn down external bank loans in both Sterling and Euro 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.

On the trading front, whilst the decrease in the value of the pound has contributed towards pressure on some input costs, to date the UK hospitality industry has benefitted from stronger demand from international travellers driven by the weaker pound.

## **Newco NHL UK (17) Limited**

### **Group Strategic Report (continued) for the Year Ended 31 December 2018**

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#### **Employee involvement**

The group employed on average 414 people during 2018 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.

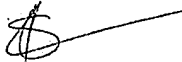
The group conducts annual employee surveys as a forum for engagement and in order to gather employee opinions for consideration.

#### *People development*

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.

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



.....  
**S Pasricha**  
Director

Date: 30 May 2019

# **Newco NHL UK (17) Limited**

## **Directors' Report for the Year Ended 31 December 2018**

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The directors present their report and the financial statements for the year ended 31 December 2018.

### **Results and dividends**

The loss for the year, after taxation, amounted to £173,486 (2017 - profit of £1,054,761).

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

### **Directors**

The directors who served during the year were:

S Pasricha  
C H B Oakshett (resigned 27 April 2018)  
S Kapasi  
J C van de Vreede (resigned 1 June 2018)  
S B Mittal  
L G Young (appointed 15 June 2018, resigned 15 June 2018)  
S Balachandran (appointed 30 November 2018)

### **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 year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 - 4. These matters relate to the principal risks to which the company is exposed and future developments.



## **Newco NHL UK (17) Limited**

### **Directors' Report (continued) for the Year Ended 31 December 2018**

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#### **Disclosure of information to auditor**

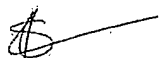
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- 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.

#### **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.



.....  
**S Pasricha**  
Director

Date: 30 May 2019

## **Newco NHL UK (17) Limited**

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

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#### **Opinion**

We have audited the financial statements of Newco NHL UK (17) Limited ("the parent company") and its subsidiaries ("the group") for the year ended 31 December 2018 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 December 2018 and of the group's loss for the year 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)**

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#### **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 year 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)**

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#### **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.

*BDO LLP*

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

Date: *31 May 2019*

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 Year Ended 31 December 2018

	Note	2018 £	2017 £
Turnover	4	58,802,796	39,890,065
Cost of sales		(22,200,489)	(12,599,198)
<b>Gross profit</b>		<b>36,602,307</b>	<b>27,290,867</b>
Administrative expenses		(26,674,867)	(20,631,278)
<b>Operating profit</b>	5	<b>9,927,440</b>	<b>6,659,589</b>
Interest receivable and similar income	8	-	1,390,621
Interest payable and similar charges	9	(9,621,568)	(5,495,681)
<b>Profit before taxation</b>		<b>305,872</b>	<b>2,554,529</b>
Tax on profit	10	(479,358)	(1,499,768)
<b>(Loss)/profit for the financial year</b>		<b>(173,486)</b>	<b>1,054,761</b>
Currency translation differences		559,487	1,800,686
<b>Other comprehensive income for the year</b>		<b>559,487</b>	<b>1,800,686</b>
<b>Total comprehensive income for the year</b>		<b>386,001</b>	<b>2,855,447</b>

All amounts relate to continuing operations.

The notes on pages 17 to 38 form part of these financial statements.


# Newco NHL UK (17) Limited

Registered number: 10842704

## Consolidated Statement of Financial Position as at 31 December 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	12	1,373,856	856,436
Tangible assets	13	233,997,231	236,032,571
Long term deposits	15	3,789,733	2,653,136
		<u>239,160,820</u>	<u>239,542,143</u>
<b>Current assets</b>			
Stocks	16	341,822	378,798
Debtors	17	2,483,126	2,440,903
Cash and cash equivalents		7,281,965	9,203,480
		<u>10,106,913</u>	<u>12,023,181</u>
Creditors: amounts falling due within one year	18	(135,648,867)	(204,667,570)
<b>Net current liabilities</b>		<u>(125,541,954)</u>	<u>(192,644,389)</u>
<b>Total assets less current liabilities</b>		<u>113,618,866</u>	<u>46,897,754</u>
Creditors: amounts falling due after more than one year	19	(179,872,229)	(113,567,529)
Deferred taxation	21	(14,872,635)	(14,842,224)
<b>Net liabilities</b>		<u>(81,125,998)</u>	<u>(81,511,999)</u>
<b>Capital and reserves</b>			
Share capital	22	48,397,001	48,397,001
Foreign exchange reserve	23	2,815,522	2,256,035
Other reserves	23	682	682
Merger reserve	23	(106,315,747)	(106,315,747)
Accumulated losses	23	(26,023,456)	(25,849,970)
		<u>(81,125,998)</u>	<u>(81,511,999)</u>

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



**S Pasricha**  
Director

Date: 30 May 2019

The notes on pages 17 to 38 form part of these financial statements.

**Newco NHL UK (17) Limited**  
Registered number: 10842704

**Company Statement of Financial Position**  
as at 31 December 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Investments in subsidiary companies	14	225,099,830	176,702,830
Long term deposits	15	3,789,733	2,653,136
		<u>228,889,563</u>	<u>179,355,966</u>
<b>Current assets</b>			
Debtors	17	126,261,208	60,429,543
Cash and cash equivalents		283,105	3,113,037
		<u>126,544,313</u>	<u>63,542,580</u>
Creditors: amounts falling due within one year	18	(125,654,157)	(128,748,834)
<b>Net current assets/(liabilities)</b>		<u>890,156</u>	<u>(65,206,254)</u>
<b>Total assets less current liabilities</b>		<u>229,779,719</u>	<u>114,149,712</u>
Creditors: amounts falling due after more than one year	19	(179,872,229)	(113,567,529)
<b>Net assets</b>		<u>49,907,490</u>	<u>582,183</u>
<b>Capital and reserves</b>			
Share capital	22	48,397,001	1
Retained earnings	23	1,510,489	582,182
		<u>49,907,490</u>	<u>582,183</u>

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 profit after tax of the parent company for the period was £928,307 (2017 - £1,282,182).

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



.....  
**S Pasricha**  
Director

Date: 30 May 2019

The notes on pages 17 to 38 form part of these financial statements.

## Newco NHL UK (17) Limited

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

	Share capital	Foreign exchange reserve	Other reserves	Merger reserve	Accumulated losses	Total equity
	£	£	£	£	£	£
At 1 January 2018	48,397,001	2,256,035	682	(106,315,747)	(25,849,970)	(81,511,999)
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(173,486)	(173,486)
Currency translation differences	-	559,487	-	-	-	559,487
<b>At 31 December 2018</b>	<b>48,397,001</b>	<b>2,815,522</b>	<b>682</b>	<b>(106,315,747)</b>	<b>(26,023,456)</b>	<b>(81,125,998)</b>

The notes on pages 17 to 38 form part of these financial statements.



## Newco NHL UK (17) Limited

### Consolidated Statement of Changes in Equity for the Year Ended 31 December 2017

	Share capital	Foreign exchange reserve	Other reserves	Merger reserve	Accumulated losses	Total equity
	£	£	£	£	£	£
At 1 January 2017	48,397,001	455,349	682	(106,315,747)	(22,159,991)	(79,622,706)
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	1,054,761	1,054,761
Currency translation differences	-	1,800,686	-	-	-	1,800,686
<b>Total comprehensive income for the year</b>	-	1,800,686	-	-	1,054,761	2,855,447
Dividends	-	-	-	-	(4,744,740)	(4,744,740)
<b>At 31 December 2017</b>	<b>48,397,001</b>	<b>2,256,035</b>	<b>682</b>	<b>(106,315,747)</b>	<b>(25,849,970)</b>	<b>(81,511,999)</b>

The notes on pages 17 to 38 form part of these financial statements.

## Newco NHL UK (17) Limited

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

	Share capital £	Retained earnings £	Total equity £
At 1 January 2018	1	582,182	582,183
<b>Comprehensive income for the year</b>			
Profit for the year	-	928,307	928,307
<b>Total comprehensive income for the year</b>	-	928,307	928,307
Shares issued during the year	48,397,000	-	48,397,000
<b>At 31 December 2018</b>	<b>48,397,001</b>	<b>1,510,489</b>	<b>49,907,490</b>

### Company Statement of Changes in Equity for the Year Ended 31 December 2017

	Share capital £	Retained earnings £	Total equity £
<b>Comprehensive income for the period</b>			
Profit for the period	-	1,282,182	1,282,182
<b>Total comprehensive income for the period</b>	-	1,282,182	1,282,182
Dividends	-	(700,000)	(700,000)
Shares issued during the period	1	-	1
<b>At 31 December 2017</b>	<b>1</b>	<b>582,182</b>	<b>582,183</b>

The notes on pages 17 to 38 form part of these financial statements.

## Newco NHL UK (17) Limited

### Consolidated Statement of Cash Flows for the Year Ended 31 December 2018

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
(Loss)/profit for the financial year/period		(173,486)	1,054,761
<b>Adjustments for:</b>			
Amortisation of intangible fixed assets	12	139,741	59,406
Depreciation of tangible fixed assets	13	7,947,907	5,549,403
Loss on disposal of tangible fixed assets		7,784	-
Interest credited to income statement	8	-	(1,390,621)
Interest charged to income statement	9	9,621,568	5,495,681
Taxation charged to income statement	10	479,358	1,499,768
Decrease/(increase) in stocks		36,976	(333,440)
Decrease in debtors		291,022	747,025
Increase/(decrease) in creditors		1,065,420	(1,140,757)
UK and foreign tax paid		(350,574)	(1,953,228)
<b>Net cash generated from operating activities</b>		<b>19,065,716</b>	<b>9,587,998</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets	12	(100,000)	-
Purchase of tangible fixed assets		(4,771,971)	(15,361,138)
Disposal of tangible fixed assets		6,957	-
Long term deposits		(1,136,597)	(2,653,136)
Interest received		-	11,596
Cash paid on business combination	24	(744,261)	-
<b>Net cash used in investing activities</b>		<b>(6,745,872)</b>	<b>(18,002,678)</b>
<b>Cash flows from financing activities</b>			
New secured loans		66,357,150	18,960,850
Loan arrangement fee		(1,225,040)	(596,023)
New loans from group companies		6,000,000	15,080,886
Loans from group companies repaid		(77,207,747)	(15,326,317)
Dividends paid	11	-	(4,744,740)
Interest paid		(8,218,383)	(3,025,143)
<b>Net cash (used in)/generated from financing activities</b>		<b>(14,294,020)</b>	<b>10,349,513</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,974,176)</b>	<b>1,934,833</b>
Cash and cash equivalents at beginning of year		9,203,480	7,139,864
Movement on foreign exchange		52,661	128,783
<b>Cash and cash equivalents at the end of year</b>		<b>7,281,965</b>	<b>9,203,480</b>

The notes on pages 17 to 38 form part of these financial statements.

# **Newco NHL UK (17) Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2018**

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### **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 December 2018 and these financial statements may be obtained from Companies House.

# **Newco NHL UK (17) Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2018**

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

#### **2.3 Basis of consolidation**

The company was incorporated on 29 June 2017. On this date it acquired 95% interest in The Hoxton (Holborn) Limited, The Hoxton (Shoreditch) Limited and The Hoxton (Amsterdam) UK Limited and their subsidiaries. During 2018 the company also acquired 95% interest in 32 Sentier UK Limited and its subsidiary 32 Sentier s.a.r.l. 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 had always been a member of the group. The results of such a subsidiary are included for the whole period in the year 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 received confirmation from the parent group that funding will be made available to 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.

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 Year Ended 31 December 2018

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### 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 Year Ended 31 December 2018**

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#### **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. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### **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.

# **Newco NHL UK (17) Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2018**

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

#### **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.

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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

#### **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.



# **Newco NHL UK (17) Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2018**

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

#### **2.14 Foreign currency translation**

##### **Functional and presentation currency**

The company's functional and presentational currency is GBP.

##### **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.

#### **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.

## **Newco NHL UK (17) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018**

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

##### **2.19 Interest income**

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

##### **2.20 Current and deferred taxation**

The tax expense for the year 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.

# Newco NHL UK (17) Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018

### 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.

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*  
Determining whether or not the company's investments in its subsidiaries have been impaired requires estimations of the value in use of the investments. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate the present value. The carrying amount of investments was £225,099,830 (2017 - £176,702,830) with no impairment loss recognised (2017 - £Nil).

### 4. Turnover

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

	2018 £	2017 £
Hotel operations	<u>58,802,796</u>	<u>39,890,065</u>

Analysis of turnover by country:

	2018 £	2017 £
United Kingdom	29,225,328	25,262,876
France	17,888,929	3,864,940
The Netherlands	11,688,539	10,762,249
	<u>58,802,796</u>	<u>39,890,065</u>

## Newco NHL UK (17) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018

#### 5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	7,947,907	5,549,303
Amortisation of intangible fixed assets, including goodwill	139,741	59,406
Fees payable to the group's auditor for the audit of the financial statements	43,300	31,500
Other operating lease rentals	778,124	719,583
Defined contribution pension cost	404,831	203,601
	<u>7,947,907</u>	<u>5,549,303</u>

#### 6. Employees

Staff costs were as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	11,232,447	5,749,612	-	-
Social security costs	1,795,756	946,573	-	-
Cost of defined contribution scheme	404,831	203,601	-	-
	<u>13,433,034</u>	<u>6,899,786</u>	<u>-</u>	<u>-</u>

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

	2018 No.	2017 No.
Administrative staff	379	179
Management staff	35	24
	<u>414</u>	<u>203</u>

#### 7. Directors' remuneration

During the year, no director received any emoluments (2017 - £Nil). All directors' emoluments are borne by Norlake Hospitality Limited.

## Newco NHL UK (17) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018

#### 8. Interest receivable and similar income

	2018 £	2017 £
Interest receivable from group companies	-	1,373,154
Exchange gains	-	5,871
Other interest receivable	-	11,596
	<u>-</u>	<u>1,390,621</u>

#### 9. Interest payable and similar charges

	2018 £	2017 £
Bank interest payable	3,533,531	2,624,758
Interest payable on loans from group undertakings	5,807,308	2,870,923
Exchange losses	280,729	-
	<u>9,621,568</u>	<u>5,495,681</u>

# Newco NHL UK (17) Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018

### 10. Taxation

	2018 £	2017 £
<b>UK corporation tax</b>		
Current tax on profits for the year	-	82,426
Adjustments in respect of prior periods	(93,811)	(26,931)
Group taxation relief (receivable)/payable	(21,594)	911,376
	<u>(115,405)</u>	<u>966,871</u>
<b>Foreign tax</b>		
Foreign tax on income for the year	637,847	594,141
<b>Total current tax</b>	<u>522,442</u>	<u>1,561,012</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(55,213)	(83,924)
Adjustments in respect of prior periods	12,129	22,680
<b>Total deferred tax</b>	<u>(43,084)</u>	<u>(61,244)</u>
<b>Taxation on profit on ordinary activities</b>	<u>479,358</u>	<u>1,499,768</u>

## Newco NHL UK (17) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018

#### 10. Taxation (continued)

##### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>305,872</u>	<u>2,554,529</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%)	58,116	491,747
Effects of:		
Expenses not deductible for tax purposes	151,824	225,490
Fixed asset differences	190,532	192,068
Additional deduction for land remediation expenditure	(2,734)	-
Group relief surrendered/(claimed)	21,594	(911,680)
Payment / (receipt (credit)) for group relief	(21,594)	911,376
Adjustments to tax charge in respect of prior periods	(93,811)	(26,931)
Adjustments to tax charge in respect of prior periods (deferred tax)	12,129	22,680
Adjustments to deferred tax due to change in tax rates	(19,202)	(19,728)
Movement in deferred tax not recognised	182,504	614,746
<b>Total tax charge for the year</b>	<u><u>479,358</u></u>	<u><u>1,499,768</u></u>

##### Factors that may affect future tax charges

The main rate of UK corporation tax will decrease from 19% to 17% from 1 April 2020. Deferred tax balances arising in respect of UK subsidiaries has been recognised at 17% as at 31 December 2018 and 31 December 2017.

## Newco NHL UK (17) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018

#### 11. Dividends

	2018 £	2017 £
Dividends paid	-	4,744,740

Included in dividends paid in the prior year, are dividends of £1,920,000 from The Hoxton (Holborn) Limited, £1,250,000 from The Hoxton (Shoreditch) Limited and £874,740 from The Hoxton (Amsterdam) UK Limited which were all paid to Norlake Hospitality Limited prior restructuring of the group in 2017. The remaining balance of £700,000 was paid from Newco NHL UK (17) Limited to Norlake Hospitality Limited.

#### 12. Intangible assets

##### Group

	Goodwill £	Other intangibles £	Total £
<b>Cost</b>			
At 1 January 2018	1,188,120	-	1,188,120
Additions	557,161	100,000	657,161
At 31 December 2018	1,745,281	100,000	1,845,281
<b>Amortisation</b>			
At 1 January 2018	331,684	-	331,684
Charge for the year	127,455	12,286	139,741
At 31 December 2018	459,139	12,286	471,425
<b>Net book value</b>			
At 31 December 2018	1,286,142	87,714	1,373,856
At 31 December 2017	856,436	-	856,436

Please refer to note 24 for details of goodwill recognised in the year.



## Newco NHL UK (17) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018

#### 13. Tangible fixed assets

##### Group

	Freehold property £	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Assets under construction £	Total £
<b>Cost</b>							
At 1 January 2018	166,963,103	73,940,979	2,553,766	13,423,710	1,308,238	-	258,189,796
Additions	2,245,297	99,243	218,012	425,181	131,822	1,672,638	4,792,193
Disposals	-	-	(20,000)	-	-	-	(20,000)
Exchange adjustments	1,402,681	-	1,758	88,095	416	1,255	1,494,205
At 31 December 2018	170,611,081	74,040,222	2,753,536	13,936,986	1,440,476	1,673,893	264,456,194
<b>Depreciation</b>							
At 1 January 2018	5,589,359	10,273,389	1,206,592	4,325,138	762,747	-	22,157,225
Charge for the year	3,951,496	1,639,629	182,620	1,951,194	222,968	-	7,947,907
Disposals	-	-	(5,259)	-	-	-	(5,259)
Exchange adjustments	336,155	-	150	19,755	3,030	-	359,090
At 31 December 2018	9,877,010	11,913,018	1,384,103	6,296,087	988,745	-	30,458,963
<b>Net book value</b>							
At 31 December 2018	160,734,071	62,127,204	1,369,433	7,640,899	451,731	1,673,893	233,997,231
At 31 December 2017	161,373,744	63,667,590	1,347,173	9,098,573	545,491	-	236,032,571

# Newco NHL UK (17) Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018

### 14. Fixed asset investments

#### Company

	Investments in subsidiary companies £
<b>Cost</b>	
At 1 January 2018	176,702,830
Additions	48,397,000
At 31 December 2018	<u>225,099,830</u>

On 1 August 2018, Norlake Hospitality Limited transferred its share ownership of 32 Sentier UK Limited (and its subsidiary 32 Sentier s.a.r.l.) to the company in return for 48,397,000 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
The Hoxton (Holborn) Limited	Operating a hotel	A Ordinary	95%
The Hoxton (Shoreditch) Limited	Operating a hotel	A Ordinary	95%
The Hoxton (Amsterdam) UK Limited	Holding company	A Ordinary	95%
32 Sentier UK Limited	Holding company	A Ordinary	95%

#### Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the company:

Name	Principal activity	Class of shares	Holding
WS Hotels Properties (Shoreditch) Limited	Dormant company	A Ordinary	95%
The Hoxton (Amsterdam) B.V.	Operating a hotel	A Ordinary	95%
32 Sentier s.a.r.l.	Operating a hotel	A Ordinary	95%

The Hoxton (Holborn) Limited, The Hoxton (Shoreditch) Limited, The Hoxton (Amsterdam) UK Limited, WS Hotel Properties (Shoreditch) Limited and 32 Sentier UK Limited are all incorporated in England and Wales and have the same registered office address as the company (see company information page).

The Hoxton (Amsterdam) B.V. is incorporated in The Netherlands and its registered office is Heengracht 225, 1016 BJ Amsterdam.

32 Sentier s.a.r.l. is incorporated in France and its registered office is c/o Macofi, 267 Boulevard Pereire, 75017 Paris.

## Newco NHL UK (17) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018

#### 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 2018 £	Group 2017 £
Finished goods and goods for resale	<u>341,822</u>	<u>378,798</u>

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 year as an expense was £4,873,650 (2017 - £2,312,547).

#### 17. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	543,142	1,349,369	-	-
Amounts owed by group undertakings	36,155	1,340	124,776,407	60,138,231
Other amounts owed by group undertakings	598,566	-	1,484,801	291,312
Other debtors	428,709	149,859	-	-
Prepayments and accrued income	730,557	529,012	-	-
Corporation tax recoverable	145,997	411,323	-	-
	<u>2,483,126</u>	<u>2,440,903</u>	<u>126,261,208</u>	<u>60,429,543</u>

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 Year Ended 31 December 2018

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

	Group 2018 £	Group As restated 2017 £	Company 2018 £	Company As restated 2017 £
Trade creditors	1,709,162	1,197,161	-	-
Amounts owed to group undertakings	125,653,155	196,173,021	125,654,044	128,608,221
Other taxation and social security	1,357,185	910,557	-	-
Other creditors	485,354	370,535	-	-
Accruals and deferred income	4,698,392	5,073,485	113	140,613
Amounts owed to related parties	1,745,619	942,811	-	-
	<u>135,648,867</u>	<u>204,667,570</u>	<u>125,654,157</u>	<u>128,748,834</u>

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

The comparative figure for the intercompany loan balance has been restated to properly reflect the terms of the loan.

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

	Group 2018 £	Group As restated 2017 £	Company 2018 £	Company As restated 2017 £
Bank loans	179,872,229	113,567,529	179,872,229	113,567,529

In September 2017, the company entered into a loan facility, which is secured by fixed and floating charges over the property, asset 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.

The bank loans accrue interest at a rate of LIBOR/EURIBOR plus 1.75%. Interest is payable quarterly in arrears and the bank loans are repayable in full in September 2020.

Bank loans are shown net of unamortised fees totalling £1,321,283 at 31 December 2018 (2017 - £1,136,487).

# Newco NHL UK (17) Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018

### 20. Financial instruments

	Group 2018 £	Group 2017 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>12,678,270</u>	<u>13,355,845</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(311,508,212)</u>	<u>(314,319,483)</u>

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

	2018 £	2017 £
At beginning of year	(14,842,224)	(14,707,949)
Credited to statement of comprehensive income	43,084	61,244
Exchange adjustments	(73,495)	(195,519)
<b>At end of year</b>	<u><b>(14,872,635)</b></u>	<u><b>(14,842,224)</b></u>

The provision for deferred taxation is made up as follows:

	Group 2018 £	Group 2017 £
Accelerated capital allowances	(2,385,060)	(2,092,948)
Short-term timing differences	5,708	2,499
Deferred tax arising on business acquisitions	(12,493,283)	(12,751,775)
	<u><b>(14,872,635)</b></u>	<u><b>(14,842,224)</b></u>

A deferred tax asset has not been recognised on expenditure of £6.7m because it is not probable that future taxable profits will be available against which the company can use the benefits thereon.

## Newco NHL UK (17) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018

#### 22. Share capital

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
48,397,001 (2017 - 1) Ordinary shares of £1.00 each	<b>48,397,001</b>	<b>1</b>

During the year the company issued 48,397,000 ordinary £1 shares as part of a share for share exchange with Norlake Hospitality Limited, acquiring in the process 95% of 32 Sentier UK Limited and its subsidiary 32 Sentier s.a.r.l.

#### 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)/Retained earnings

(Accumulated losses)/Retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

## Newco NHL UK (17) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018

#### 24. Business combinations

On 1 March 2018, The Hoxton (Holborn) Limited acquired the trade and assets of the Hubbard and Bell food and beverage operations carried out at the group's hotel in Holborn, London.

#### Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value £
Tangible fixed assets	131,706	131,706
	<u>131,706</u>	<u>131,706</u>
Stock	55,394	55,394
	<u>55,394</u>	<u>55,394</u>
<b>Total assets</b>	<b>187,100</b>	<b>187,100</b>
	<u>187,100</u>	<u>187,100</u>
<b>Total identifiable net assets</b>	<b>187,100</b>	<b>187,100</b>
	<u>187,100</u>	<u>187,100</u>
Goodwill on acquisition (Note 12)		557,161
		<u>557,161</u>
<b>Total purchase consideration</b>		<b>744,261</b>
		<u>744,261</u>
<b>Consideration (including expenses of £44,261)</b>		
		£
Cash		744,261
		<u>744,261</u>
<b>Total purchase consideration</b>		<b>744,261</b>
		<u>744,261</u>

Since the date of acquisition, Hubbard and Bell's revenue was £3,579,742, and operating profit was £533,946.

#### 25. Capital commitments

At 31 December 2018 the group had capital commitments as follows:

	Group 2018 £	Group 2017 £
Contracted for but not provided in these financial statements	7,149,890	1,717,661
	<u>7,149,890</u>	<u>1,717,661</u>

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

## Newco NHL UK (17) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018

#### 26. 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 and the Netherlands. The assets of the schemes are held separately from those of the group in a independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £404,831 (2017 - £203,601). Contributions totaling £212,065 (2017 - £157,079) were payable to the funds at the reporting date and are included in creditors.

#### 27. Commitments under operating leases

At 31 December 2018 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	Group 2017 £
Not later than 1 year	554,512	554,512
Later than 1 year and not later than 5 years	2,218,048	2,218,048
Later than 5 years	45,469,984	46,024,496
	<u>48,242,544</u>	<u>48,797,056</u>

#### 28. 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

	2018 £	2017 £
<b>Amounts owed to related parties as at 31 December</b>		
Loan balance (including accrued interest) due to NHL	(125,653,155)	(195,734,815)
Amounts owed to Ennismore	(1,745,619)	(942,811)
Group tax receivable/(payable)	598,565	(438,206)
Amounts owed by fellow subsidiaries	<u>36,155</u>	<u>1,340</u>



## Newco NHL UK (17) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018

#### 28. Related party transactions (continued)

	2018 £	2017 £
<b>Related party transactions</b>		
Interest charged to NHL	-	1,373,154
Interest charged by NHL	(5,807,308)	(2,867,508)
Dividends paid to NHL	-	(4,744,740)
Loan and interest repayments to NHL	(76,202,276)	(245,431)
Expenses recharged by NHL	(49,400)	(438,500)
Expenses recharged by Ennismore	(2,884,540)	(2,615,887)
Management fees charged by Ennismore	(6,588,086)	(4,616,630)
Group tax relief (surrendered)/claimed	(21,594)	911,376
Group tax relief payments	(1,003,791)	(464,226)

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 year is Nil as all directors and senior management considered are remunerated by companies outside the group (2017 - Nil).

#### 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, Maundy, Cardiff, CF14 3UZ.