

NEW GRANGE HOLDINGS 3 LIMITED
GROUP REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019



NEW GRANGE HOLDINGS 3 LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 MARCH 2019

DIRECTORS

R S Matharu
H S Matharu
T S Matharu

SECRETARY

H S Matharu

COMPANY NUMBER

11169041

REGISTERED OFFICE

58 Rochester Row
Westminster
London
SW1P 1JU

AUDITOR

RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street
London
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BANKER

Barclays Bank plc
Business Services
Level 27
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London
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SOLICITOR

Howard Kennedy LLP
1 London Bridge
London
SE1 9BG

NEW GRANGE HOLDINGS 3 LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present their Strategic Report for New Grange Holdings 3 Limited ('the Company') and its subsidiaries ('the Group') for the year ended 31 March 2019.

Principal activity

The Company was incorporated on 25 January 2018. The principal activity of the Company during the period was that of a holding company. The principal activities of the Group during the year was that of trading as hotel operators and the management of and head office operations for related party hotel and development companies.

Review of the Business

The company was established on 25 January 2018 as part of a group reorganisation as discussed in further detail below. The eventual outcome was that the Company acquired the share capital of Globalgrange Limited.

Following a strategic review of the business, the Group undertook a major reorganisation to add flexibility for the shareholders and establish a more appropriate platform for future trading, and as part of this a new ultimate parent company, New Grange Holdings 1 Limited, was interposed between the previous ultimate parent company, Globalgrange Limited, and its shareholders in January 2018. New Grange Holdings 1 Limited held the entire share capital of Globalgrange Limited and another newly incorporated company, Globalgrange Hotels Limited.

In May 2018, the trade and assets of each individual hotel and development entity were transferred from the Globalgrange Limited sub-group into separate companies which were established as indirect subsidiaries of Globalgrange Hotels Limited. The bank loans were novated to the new companies. On transfer of the assets, each of the hotel operating companies entered into a hotel management agreement with Globalgrange Limited to manage the businesses of the hotels on their behalf as their agent.

Subsequently, New Grange Holdings 1 Limited was placed into members' voluntary liquidation and in accordance with a restructuring agreement under s110 of the Insolvency Act 1986, the liquidator distributed Globalgrange Limited to this company (New Grange Holdings 3 Limited), and Globalgrange Hotels Limited to a newly incorporated company, New Grange Holdings 2 Limited. This created two separate corporate groups with the same ultimate shareholders.

As the trade and assets of each individual hotel and development entity were previously included in the Globalgrange Limited group and New Grange Holdings 3 Limited was established as a new parent company of Globalgrange Limited, the group has applied the principles of merger accounting (see note 1.4). Comparative amounts are included in these financial statements as if the existing group had always been in existence.

The Group's main trading and operations traded from 1 April 2018 up until 11 May 2018 whereupon all the main hotel and development assets were transferred from this company's subsidiary Globalgrange Limited to the new Grange Holdings 2 Limited group as a result of a planned reorganisation. Fuller details are set out later in this report. For the full year it retained only the trade of one hotel and continued as part of this strategy to manage the operations and accounting for the previous estate deriving income to cover its costs under agreed Hotel Management Agreements.

The Group's Statement of Financial Position as detailed on page 12 shows a satisfactory position, with shareholders' funds amounting to £19.2 million (2018: £921.2 million (unaudited)).

The Group has seen some costs increase this year, most notably professional fees as a result of the reorganisation.

NEW GRANGE HOLDINGS 3 LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

Future Developments

The Group ceased to manage the four main trading assets of Globalgrange Hotels Group upon their disposal to an unrelated third party on 14 March 2019 but under a new Trading Services Agreement continued to provide some services and derive fees from the acquirer's nominated operator for a limited handover period until after 31 March 2019.

Upon the next stage of the planned re-organisation on 30 June 2019 and changes in ownership and structure within New Grange Holdings 2 Limited and its subsidiaries, the existing Hotel Management Agreements with the remaining hotels ceased. The hotels which remained in the ownership of related parties continued to be managed under a new separate Trading Services Agreement with the Group until 31 December 2019.

With effect from 1 July 2019 the related party, Globalgrange 2 Limited, and the trading properties within its subsidiaries, not having formed part of the disposal process outlined above, were transferred back into the ownership of this Group. The trading companies, namely Grange Blooms & White Hall Limited, Grange Lancaster Limited, Grange Buckingham Limited, Grange Portland Limited, Grange Clarendon Limited and Grange Beauchamp Limited continued from that time to be managed and operated directly by this Group.

The directors are considering the future strategy and their intentions for the Group.

Key performance indicators

Whilst the Group does not place significant value or weight on the KPIs used widely throughout the Hotel Operating and Leisure Industry, it does monitor the Group performance against some published data on some KPIs to indicate its relative performance against its competitors. In addition, such data is used in the management of costs and working capital to improve operating profit. The major KPIs which it uses for these purposes are:

- Occupancy rate - rooms occupied by hotel guests, expressed as a percentage of rooms that are available.
- Average room rate - room revenue divided by the number of room nights sold.
- Revpar - This is the revenue per available room whereby total income received during a period is expressed as a multiple of rooms available to be sold during the same period.

The directors have due regard to these ratios and figures for each and every unit traded by the Group and aim to improve them on a continuing basis.

With the restructuring of the group very early in the year leaving only one trading asset for the remainder of the financial year the Directors consider that it is not relevant or meaningful to make any analysis of them for the Group in this report.

Principal risks and uncertainties

Price risk

The group has retained certain assets after the re-organisation described in this report and is reliant upon their ultimate value or income for future operations. It is reliant upon the trading income of its hotels to meet the remaining central overheads of the Group, which are being managed and reduced in line with the reduced number of hotels previously operated, so as to mitigate any risk.

Recovery of central overheads following group reorganisation

Following the group reorganisation, Hotel Management Agreements were put in place, and under these agreements the central overheads of the main operating subsidiary, Globalgrange Limited, were being recovered by recharging them to related party companies. Since these ceased it has derived further income under later Trading Services Agreements with unrelated third parties and related party companies. After the year end, these have all now ceased to be in effect. Subsequently, central overheads incurred by Globalgrange Limited are recharged to the trading hotels.

NEW GRANGE HOLDINGS 3 LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Principal risks and uncertainties (Continued)

Liquidity risk

See the going concern accounting policy disclosed in note 1.5.

Financial instruments and borrowings

The loan facilities provided to the Group were transferred to related parties as part of the group restructuring noted above in May 2018 and the group is no longer reliant on any external borrowing facilities to finance its business.

Political and regulatory environment-Brexit implications

Despite the exit from the EU on 31 January 2020, there still remains insufficient information about the likely terms of the post-Brexit trading arrangements between the UK and the EU, particularly in respect immigration and settled status for staff, as well as other possible transitional arrangements, to draw any broad conclusions about the probable impact on the UK hospitality sector. The Directors continue to monitor developments and consider that Brexit is not expected to have a material impact on the Group.

COVID-19 Pandemic

The current COVID-19 outbreak in the UK is already having a severe impact on the Group and its operations. As explained in the future developments on page 3, six trading hotels have been transferred into the Group subsequent to the year end (see note 31), which are all now open for business however in light of COVID-19 much of the capacity has been mothballed and consolidated within one of the hotels. The Group has taken advantage of the Government's Coronavirus Job Retention Scheme by furloughing employees and claiming grants to cover the most significant administrative expense, payroll. The directors have considered the impact of COVID-19 on the going concern status of the Group and the Company, and have set out in note 1.5 on pages 18-19 material uncertainties that may cast significant doubt on the Group's or the Company's ability to continue as a going concern.

The Directors have implemented new policies and procedures, which are kept under constant review, in order to safeguard the business and the health and safety of its employees, guests and suppliers:

- Hygiene and cleaning procedures in the Group's properties have been greatly enhanced alongside new protocols for interactions with guests, colleagues and suppliers. Company policies and supplies of materials to support this have been put in place.
- Operations and capacity are being scaled back commensurate with current levels of occupancy both current and anticipated to try to minimise the economic impact. This is being reviewed on a daily basis. Contingency plans to ensure that supplies, security and services for the continued operation of the business during any major shut down are being constantly updated.
- Additional equipment and resources have been deployed to enable home working for as many employees as quickly as possible whilst still meeting the needs of the business.
- We have kept our customers and employees updated with the latest advice and information.

The Directors will continue to modify these plans in the light of changing advice and circumstances as this situation evolves.

By order of the Board:



RS Matharu
Director

30 July 2020

NEW GRANGE HOLDINGS 3 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors submit their report and the financial statements of the Group for the year ended 31 March 2019.

Group restructuring

On 25 January 2018, the Company was incorporated under the name New Grange Holdings 3 Limited. On 15 May 2018, the Group was restructured such that the Company became the holding company of Globalgrange Limited. The Company has accounted for this transaction using merger accounting, so these consolidated financial statements present the Group financial information for this reporting period and for the comparative reporting period as if the Group has always been in existence.

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

R S Matharu	(appointed 25 January 2018)
H S Matharu	(appointed 25 January 2018)
T S Matharu	(appointed 25 January 2018)

Results and dividends

An analysis of the Company's performance and future development is contained within the Strategic Report, along with the principal risks and uncertainties affecting the group.

The group's profit for the year after taxation was £7,491,000 (2018: £22,691,000). The Group paid dividends during the year of £8,662 per ordinary share (2018: £100) totalling £1,299,237,000 (2018: £15,000,000).

Going concern

The Directors have reviewed the current financial position of the Group, making reasonable assumptions about the future performance and cash flow. The current COVID-19 outbreak in the UK is already having a severe impact on the Group and its operations. As explained in the future developments on page 3, six trading hotels have been transferred into the Group subsequent to the year end (see note 31), which are all now open for business however in light of COVID-19 much of the capacity has been mothballed and consolidated within one of the hotels. The Group has taken advantage of the Government's Coronavirus Job Retention Scheme by furloughing employees and claiming grants to cover the most significant administrative expense, payroll. The directors have considered the impact of COVID-19 on the going concern status of the Group and the Company, and have set out in note 1.5 on pages 18-19 material uncertainties that may cast significant doubt on the Group's or the Company's ability to continue as a going concern.

Employee involvement

Employees of the Group are regularly consulted by the management and kept informed of matters affecting them and the overall development of the Group.

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. The directors endeavour to ensure that as far as possible the training, career development and promotion of disabled persons is the same as for other employees. Should employees become disabled, every effort is made to ensure that their employment continues and appropriate retraining is received.

The Group recognises the high standards required to ensure the health, safety and welfare of employees, its customers and the general public. These policies are regularly reviewed with the objective of ensuring that standards are maintained.

NEW GRANGE HOLDINGS 3 LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the Company and of the profit or loss of the group for that period.

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

- select suitable accounting policies 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 Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the Company and 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.

Auditor

The auditor, RSM UK Audit LLP, Chartered Accountants, have indicated their willingness to continue in office and a resolution concerning their reappointment will be passed at the Annual General Meeting.

Statement as to disclosure of information to auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. The directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the Board:



RS Matharu
Director

30 July 2020

NEW GRANGE HOLDINGS 3 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW GRANGE HOLDINGS 3 LIMITED

Disclaimer of opinion

We were engaged to audit the financial statements of New Grange Holdings 3 Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the Consolidated Income Statement, Consolidated Statement of Other Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

We do not express an opinion on the accompanying financial statements of the group and company. Because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Basis for disclaimer of opinion

The audit evidence available to us was limited following the decision to formally break up the Globalgrange group and to trade under two separate groups. During the finalisation of the audit process we concluded that there was significant doubt as to whether we have been provided with all the audit evidence we require to form an opinion. As a result of this we have been unable to obtain sufficient appropriate audit evidence concerning multiple elements of the financial statements and have been unable to determine whether any adjustments might have been found to be necessary. The possible effects of this inability to obtain sufficient appropriate audit evidence are deemed to be both material and pervasive to the financial statements.

Other matter - prior period financial statements not audited

The group was exempt from audit in the year ended 31 March 2018 and consequently the corresponding figures are unaudited.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Disclaimer of Opinion on other matters prescribed by the Companies Act 2006

Because of the significance of the matter described in the basis of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit:

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

Except for the matters referred to above, in our opinion the directors' report has been prepared in accordance with the applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW GRANGE HOLDINGS 3 LIMITED (CONTINUED)

Matters on which we are required to report by exception

Arising from the limitation of our work referred to above:

- we have been unable to determine whether there are material misstatements in the strategic and / or the directors report in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit;
- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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:

- returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 6, 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's 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.

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. However, because of the matter(s) described in the Basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

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.

NEW GRANGE HOLDINGS 3

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW GRANGE HOLDINGS 3 LIMITED (CONTINUED)

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.

RSM UK Audit LLP

Euan Banks (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

30 July 2020

NEW GRANGE HOLDINGS 3 LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Continuing operations £'000	2019 Discontinued operations £'000	Total £'000	Continuing operations £'000	Unaudited 2018 Discontinued operations £'000	Total £'000
Turnover	2	3,001	62,079	65,080	3,106	130,086	133,192
Cost of sales		(252)	(44,254)	(44,506)	(3,641)	(63,529)	(67,170)
Gross profit/(loss)		<u>2,749</u>	<u>17,825</u>	<u>20,574</u>	<u>(535)</u>	<u>66,557</u>	<u>66,022</u>
Administrative expenses		(17,272)	(20,962)	(38,234)	(790)	(32,882)	(33,672)
Exceptional item	3	-	27,341	27,341	-	-	-
Other operating income	5	(56)	611	555	16	1,967	1,983
Operating (loss)/profit	6	<u>(14,579)</u>	<u>24,815</u>	<u>10,236</u>	<u>(1,309)</u>	<u>35,642</u>	<u>34,333</u>
Share of operating profit of joint venture	14	-	-	-	-	291	291
Gains on swap instruments	7	-	-	-	-	4,693	4,693
Interest receivable and similar income	8	-	620	620	-	100	100
Interest payable and similar expenses	9	-	(1,603)	(1,603)	-	(8,827)	(8,827)
(Loss)/profit before taxation		<u>(14,579)</u>	<u>23,832</u>	<u>9,253</u>	<u>(1,309)</u>	<u>31,899</u>	<u>30,590</u>
Taxation	10	-	(1,762)	(1,762)	-	(7,899)	(7,899)
(Loss)/profit after taxation		<u>(14,579)</u>	<u>22,070</u>	<u>7,491</u>	<u>(1,309)</u>	<u>24,000</u>	<u>22,691</u>
(Loss)/profit attributable to: Owners of the parent		<u>(14,579)</u>	<u>22,070</u>	<u>7,491</u>	<u>(1,309)</u>	<u>24,000</u>	<u>22,691</u>

NEW GRANGE HOLDINGS 3 LIMITED**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 MARCH 2019**

	2019	Unaudited
	£'000	2018
		£'000
Profit for the year	7,491	22,691
Other comprehensive income		
Revaluation of tangible fixed assets	242,279	7,364
Movement on deferred tax relating to revaluation of tangible fixed assets	147,514	366
Other comprehensive income for the year, net of tax	<u>389,793</u>	<u>7,730</u>
Total comprehensive income for the year	<u>397,284</u>	<u>30,421</u>
Total comprehensive income attributable to: Owners of the parent	<u>397,284</u>	<u>30,421</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31MARCH 2019

	Notes	2019 £'000	2019 £'000	Unaudited 2018 £'000	Unaudited 2018 £'000
Fixed assets					
Intangible assets	12			261	
Tangible assets	13	6,565		1,256,242	
Interest in joint ventures	14			329	
Other investments	14			10	
			6,565		1,256,842
Current assets					
Stocks	15	502		693	
Debtors due within one year	16	15,387		13,558	
Cash at bank and in hand		41,944		45,458	
		57,833		59,709	
Creditors: amounts falling due within one year	17	(32,003)		(91,589)	
Net current assets/(liabilities)			25,830		(31,880)
Total assets less current liabilities			32,395		1,224,962
Creditors: amounts falling due after more than one year	18				(154,438)
Provisions for liabilities	21		(13,158)		(149,334)
Net assets			19,237		921,190
Capital and reserves					
Called up share capital	23		2		2
Revaluation reserve	24				745,577
Other reserve	24				9,699
Merger reserve	24		148		148
Retained earnings	24		19,087		165,764
Total equity			19,237		921,190

The financial statements on pages 10 to 38 were approved by the board of directors and authorised for issue on 30 July 2020 and are signed on its behalf by:



RS MATHARU
Director

30 July 2020

NEW GRANGE HOLDINGS 3 LIMITED

(Company Registration Number: 11169041)

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	2019 £'000
Fixed assets		
Investments	14	2
Net assets		<u>2</u>
Capital and reserves		
Called up share capital	23	2
Retained earnings		
Total equity		<u>2</u>

As permitted by section 408 Companies Act 2006, no separate profit and loss account of the Company is presented. The Company's loss for the financial period and total comprehensive expense was £120.

The financial statements on pages 10 to 38 were approved by the board of directors and authorised for issue on 30 July 2020 and are signed on its behalf by:



RSMATHARU
Director

30 July 2020

NEW GRANGE HOLDINGS 3 LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2019

	Share capital £'000	Share premium £'000	Revaluation reserve £'000	Other reserve £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2017 (Unaudited)	2	-	743,858	9,649	148	152,112	905,769
Profit for the period	-	-	-	-	-	22,691	22,691
Other comprehensive income:							
Revaluation of tangible fixed assets	-	-	7,364	-	-	-	7,364
Deferred tax on revaluations	-	-	316	50	-	-	366
Total comprehensive income for the year	-	-	7,680	50	-	22,691	30,421
Dividends	-	-	-	-	-	(15,000)	(15,000)
Transfers on sale of property	-	-	(5,961)	-	-	5,961	-
Balance at 31 March 2018 (Unaudited)	2	-	745,577	9,699	148	165,764	921,190
Profit for the period	-	-	-	-	-	7,491	7,491
Other comprehensive income:							
Revaluation of tangible fixed assets	-	-	242,279	-	-	-	242,279
Deferred tax on revaluations	-	-	147,464	50	-	-	147,514
Total comprehensive income for the year	-	-	389,743	50	-	7,491	397,284
Bonus issue of shares (see note 23)	-	862,895	(853,246)	(9,649)	-	-	-
Dividends (see note 11)	-	-	-	-	-	(1,299,237)	(1,299,237)
Reduction of shares (see note 23)	-	(862,895)	-	-	-	862,895	-
Transfers on sale of property	-	-	(282,074)	(100)	-	282,174	-
Balance at 31 March 2019	2	-	-	-	148	19,087	19,237

NEW GRANGE HOLDINGS 3 LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2019

	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 25 January 2018	-	-	-
Loss for the period	-	-	-
Total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>-</u>
Issue of ordinary shares	2	-	2
Balance at 31 March 2019	<u>2</u>	<u>-</u>	<u>2</u>

NEW GRANGE HOLDINGS 3 LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £'000	Unaudited 2018 £'000
Operating activities			
Cash generated from operations	25	31,967	48,152
Interest paid		(4,665)	(8,827)
Tax paid		(4,084)	(8,275)
Net cash generated by operating activities		<u>23,218</u>	<u>31,050</u>
Investing activities			
Purchase of tangible fixed assets		(1,499)	(17,171)
Net proceeds on disposal of fixed asset investments		67	35
Interest received		138	100
Net cash generated by/(used in) investing activities		<u>(1,294)</u>	<u>(17,036)</u>
Financing activities			
Repayment of bank loans		(25,438)	(26,919)
Proceeds from bank loans		-	14,500
Repayment of other loans		-	(2,000)
Dividends paid		-	(15,000)
Net cash used in financing activities		<u>(25,438)</u>	<u>(29,419)</u>
Net decrease in cash and cash equivalents		<u>(3,514)</u>	<u>(15,405)</u>
Cash and cash equivalents at beginning of year		45,458	60,863
Cash and cash equivalents at end of year		<u><u>41,944</u></u>	<u><u>45,458</u></u>

NEW GRANGE HOLDINGS 3 LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies

Company information

New Grange Holdings 3 Limited ("the Company") is a private company limited by shares and is registered, domiciled and incorporated in England. The address of the Company's registered office and principal place of business is 58 Rochester Row, London, SW1P 1JU. The Group consists of New Grange Holdings 3 Limited and all of its subsidiaries. The Company was incorporated on 25 January 2018, and these financial statements are the Company's first financial statements. On 15 May 2018, the Group was restructured such that the Company became the holding company of Globalgrange Limited. The Company has accounted for this transaction using merger accounting, so these consolidated financial statements present the Group financial information for this reporting period and for the comparative reporting period as if the Group has always been in existence.

The Group's principal activities during the year was that of trading as hotel operators and the management of and head office operations for related party hotel and development companies.

1.1 Basis of accounting

The Company and Group financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include the revaluation of freehold investment properties.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

1.2 Reduced disclosure

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements;

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the Company are consolidated within these financial statements which are publicly available from Companies House.

1.3 Company statement of comprehensive income

As permitted by s408 Companies Act 2006, no separate profit and loss account of the Company is presented as it prepares group accounts and the Company's individual statement of financial position shows the Company's profit and loss for the financial period.

NEW GRANGE HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1.4 Basis of consolidation

The consolidated financial statements incorporate those of New Grange Holdings 3 Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

The acquisition of Globalgrange Limited and its subsidiaries occurred as a group reconstruction on 15 May 2018. The Directors have elected to account for the acquisition using the approach to merger accounting set out in UK GAAP, FRS 102 Section 19. All financial statements are made up to 31 March 2019.

The consolidated financial statements merge the financial statements of the subsidiary undertakings as if they had been combined throughout the current and comparative accounting period. Assets and liabilities have not been fair valued on acquisition and the difference between the nominal value of the new shares issued by the Company for the acquisition of Globalgrange Limited has been reflected in the merger reserve in the consolidated financial statements. Where necessary, adjustments have been made to the accounting policies of Globalgrange Limited in order to achieve uniformity of accounting policies in the combining entities.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.5 Going concern

The current COVID-19 outbreak in the UK is already having a severe impact on the Group and its operations. As explained in the future developments on page 3, six trading hotels have been transferred into the Group subsequent to the year end (see note 31), which are all now open for business, however in light of COVID-19 much of the capacity has been mothballed and consolidated within one of the hotels. The Group has taken advantage of the Government's Coronavirus Job Retention Scheme by furloughing employees and claiming grants to cover the most significant administrative expense, payroll. In assessing the future performance and cash flow of the Group, the directors have assumed a worst-case scenario 6-month shutdown of hotels to September 2020, continued use of the UK Government Coronavirus Job Retention Scheme to October 2020, VAT Deferral and Business Rates Relief, with no income from property disposals.

At 31 March 2019, the Group had £41,944,000 cash at bank and in hand and amounts owed to related parties of £25,820,000 falling due within one year (see note 17). Since the year end the Group has continued to finalise the group re-organisation as detailed above and in the strategic report.

Given the unpredictable nature of the COVID-19 outbreak, and how rapidly the responses to the outbreak are changing, the directors are unable to predict the full extent of the impact with regards to the going concern basis of accounting.

The Group has a number of options available to generate cash flows to meet the Group's and the Company's working capital requirements and repay the Group's related party debts including potential asset disposals, but the ability to generate sufficient additional funds will depend on the economic situation, which is currently uncertain.

The material uncertainties as to when the Group's hotels will return to pre COVID-19 revenues and occupancies and the ability to generate sufficient funds from hotel disposals to meet related party debts as they fall due may cast significant doubt on the Group's or the Company's ability to continue as a going concern and, therefore, the Group or the Company may be unable to realise their assets and discharge their liabilities in the normal course of business.

NEW GRANGE HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1.5 Going concern (Continued)

Having considered the material uncertainties described above, the directors have, at the time of approving the financial statements, a reasonable expectation that the Group and the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date these financial statements are approved. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements. The financial statements do not include the adjustments that may be necessary if the Group or the Company were unable to continue as a going concern.

1.6 Functional and presentational currencies

The financial statements are presented in sterling which is also the functional currency of the Company.

Transactions in currencies other than functional currency (foreign currencies) are initially recorded at the rate ruling at the date of the transaction or at the contracted rate. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to profit or loss.

1.7 Turnover

Turnover represents the amount derived from the provision of accommodation, conference facilities and meals. Income is recognised on the date of occupation for accommodation and meals, and on the date of the event for conference facilities. Turnover excludes value added tax, and relates solely to the United Kingdom.

Income from property sales is recognised on the date of exchange of contracts for sales, providing completion has taken place subsequently. Income from the provision of management services to related entities is recognised over the periods in which the related costs are incurred.

1.8 Other income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate. Rental income on assets leased under operating leases is recognised on a straight line basis over the lease term and is presented within other operating income.

1.9 Goodwill

Goodwill arising on consolidation, being the excess of the fair value of the consideration paid for a business over the fair value of its net tangible assets, and on acquisition is capitalised and amortised over its estimated economic life, being 25 years.

1.10 Intangible fixed assets

Intangible assets purchased other than in a business combination are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost (which for intangible assets acquired in a business combination is the fair value at acquisition date) and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:

Patents	10%-20% p.a straight line
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Amortisation is revised prospectively for any significant change in useful life or residual value.

NEW GRANGE HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1.11 Tangible fixed assets

Tangible fixed assets, other than investment property, are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:-

Freehold and long leasehold buildings	1%-2% p.a straight line
Short leasehold buildings	over the life of the lease
Fixtures, fittings and equipment	4%-20% p.a straight line
Motor vehicles	25% p.a straight line

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Land and buildings are accounted for separately even when acquired together.

Properties in the course of construction are carried at cost, less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to its operating condition. Depreciation commences when the properties are ready for their intended use.

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

The part of the annual depreciation charge on the revalued assets which relates to the revaluation surplus is transferred from the revaluation reserve to retained earnings.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity, such gains and loss are recognised in profit or loss.

1.12 Impairment of fixed assets

At each reporting end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

NEW GRANGE HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1.12 Impairment of fixed assets (Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.13 Investment properties

Investment properties (including properties held under an operating lease) are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in profit or loss.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS 102. The directors consider that, because investment properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view.

If this departure from the Companies Act 2006 had not been made in order to give a true and fair view, the profit for the financial year would have been reduced by depreciation. However the amount of depreciation cannot reasonably be quantified, because depreciation is only one of many factors reflected in the annual valuation and the amount relating to the depreciation of the property cannot be separately identified.

1.14 Fixed asset investments

Interests in subsidiaries and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating activities of the entity so as to obtain benefits from its activities.

Entities in which the Group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.15 Stocks

Stocks are valued at the lower of cost and net realisable value. Cost of goods for resale is computed on a first in first out basis. Cost of properties for redevelopment comprises the cost to the Group of acquiring properties, construction and other development costs. Net realisable value is based on estimated selling price less the estimated cost of disposal.

At each reporting date, the Group assesses whether stocks are impaired or if an impairment loss recognised in prior years has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell, is recognised as an impairment loss in profit or loss.

Reversals of impairment losses are also recognised in profit or loss.

NEW GRANGE HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1.16 Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different years from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries that will be assessed to or allow for tax in a future years except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the Group to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.17 Leases

The Group as a Lessee – Operating Leases

Annual rentals are charged to profit or loss on a straight line basis over the lease term. Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and recognised, on a straight-line basis over the lease term.

The Group as a Lessor – Operating Leases

Rental income from assets leased under operating leases is recognised on a straight-line basis over the term of the lease. Rent free periods or other incentives given to the lessee are accounted for as a reduction to the rental income and recognised on a straight-line basis over the lease term.

1.18 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the year in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

NEW GRANGE HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1.19 Retirement benefits

Contributions are made for the majority of the staff to the workplace pension scheme established under the automatic enrolment legislation. All eligible staff are entitled to join the pension scheme. For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

1.20 Financial instruments

The Group made use of interest rate swaps to hedge against changes in interest rates. The interest payable and receivable on the swaps was recognised within interest payable or receivable over the life of the swap or relevant interest period.

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

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Basic financial assets, including trade and other debtors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities and equity

Basic financial liabilities, including trade and other creditors and bank loans, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

NEW GRANGE HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1.20 Financial instruments (Continued)

Financial liabilities and equity (Continued)

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

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

Derivatives, including interest rate swaps, 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 finance income as appropriate.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

1.21 Provisions

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

NEW GRANGE HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1.22 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

Depreciation and useful economic life

The depreciation, in respect of tangible fixed assets, is based upon estimates of the useful economic lives of the assets involved. Useful economic life is assessed initially upon acquisition of the asset and therefore reviewed annually taking into account any revisions of future use of those assets. The judgements involved are informed by historical experience in relation to similar assets.

Valuation of tangible fixed assets

The directors obtain professional valuations of freehold land and buildings to inform them of the valuation of the Group's properties. At each year end, in the absence of a professional valuation, the directors use their experience and professional judgement to assess whether there has been a material change in the carrying value of the land and buildings. There is an element of judgement in this assessment of carrying value. As set out in note 31, COVID-19 is expected to have a material impact on the carrying value of the Group's properties post year end.

Provisioning against trade debtors

Trade debtors are regularly considered for indicators of impairment, which require the Group to make best estimates for these losses. Such estimates involve considering: the historical experience of bad debts; the effects of present economic conditions; the financial health of customers; and present and expect future levels of interest rates.

Onerous lease provisions

Present obligations arising under onerous contracts are recognised and measured as provisions. The directors use judgement to consider whether the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Other provisions

Other provisions are made based on management's best estimate of the amount required to settle the obligation based on current information available.

2. Turnover

The whole of the turnover is attributable to the United Kingdom market.

Analysis of revenue by class of business

	2019 £'000	2018 £'000
Operation of hotels	16,600	133,192
Provision of management services to related entities	48,480	-
	<u>65,080</u>	<u>133,192</u>

NEW GRANGE HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

3. Exceptional income

	2019 £'000	2018 £'000
Profit on disposal of operations	27,341	-

On 11 May 2018 the group disposed of most of its trade, assets and liabilities to related parties (see note 14).

4. Employees and directors

The average monthly number of persons (including directors) employed by the Group and Company during the year/period was:	Group		Company	
	2019 No.	2018 No.	2019 No.	2018 No.
Hotel operating and sales	1,299	1,388	-	-
Administration and management	122	148	-	-
	<u>1,421</u>	<u>1,536</u>	<u>-</u>	<u>-</u>

Staff costs for the above persons:	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Wages and salaries	34,759	32,773	-	-
Social security costs	2,184	2,302	-	-
Other pension costs	332	170	-	-
	<u>37,275</u>	<u>35,245</u>	<u>-</u>	<u>-</u>

Directors

	2019 £'000	2018 £'000
In respect of the directors of New Grange Holdings 3 Limited		
Emoluments	331	348
Directors emoluments disclosed above include the following payments paid to the highest paid director	2019 £'000	2018 £'000
Remuneration	135	132

3 directors (2018: 3) have accrued retirement benefits under money purchase pension schemes.

The directors are considered to be the key management personnel for the group. Employer's national insurance for key management personnel amounted to £25,492 (2018: £25,600).

NEW GRANGE HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

5. Other operating income

	2019	2018
	£'000	£'000
Management charge receivable	-	1,355
Rent receivable	(50)	21
Other income	605	607
	<u>555</u>	<u>1,983</u>

6. Operating (loss)/profit

	2019	2018
	£'000	£'000
The operating (loss)/profit is stated after charging/(crediting):		
Amortisation of intangible fixed assets	-	62
Depreciation of tangible fixed assets	1,610	13,379
Impairment of tangible fixed assets	494	-
Impairment of amounts due from related parties	11,137	-
Operating lease rentals	2,129	3,148
Loss/(profit) on disposal of fixed assets	5	(35)
Profit on disposal of fixed asset investments	(57)	-
(Gain)/loss on foreign exchange transactions	(84)	148

Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:

	2019	2018
	£'000	£'000
- Statutory audit of parent company and consolidated accounts	40	58
- Audit of subsidiaries	66	33
- Taxation compliance services	84	4
- All other non-audit services	46	31

7. Gains on swap instruments

	2019	2018
	£'000	£'000
Fair value movements on interest rate swaps (note 20)	-	4,693

8. Interest receivable and similar income

	2019	2018
	£'000	£'000
Bank interest	135	96
Other interest	3	4
Interest receivable from related parties	482	-
	<u>620</u>	<u>100</u>

NEW GRANGE HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

9. Interest payable and similar expenses

	2019	2018
	£'000	£'000
Bank loans and overdrafts	697	5,818
Other loans	-	98
Other interest	-	2,911
Interest payable to related parties	906	-
	<u>1,603</u>	<u>8,827</u>

10. Taxation

	2019	2018
	£'000	£'000
Current tax		
UK corporation tax	3,300	5,007
Adjustments in respect of previous years	(41)	(15)
Share of joint venture tax	-	60
Total current tax	<u>3,259</u>	<u>5,052</u>
Deferred tax:		
Origination and reversal of timing differences	(1,497)	2,847
Total deferred tax	<u>(1,497)</u>	<u>2,847</u>
Total tax on profit	<u>1,762</u>	<u>7,899</u>

Factors affecting the tax charge for the year.

The tax assessed for the year is lower than the standard rate of corporation tax in the UK 19%. The differences are explained below:

	2019	2018
	£'000	£'000
Group profit before tax	9,253	30,590
Group profit multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	<u>1,758</u>	<u>5,812</u>
Effects of:		
Expenses that are not deductible in determining taxable profit	5,967	853
Swap cost deductible when paid	-	(159)
Depreciation in excess of capital allowances	(52,237)	1,874
Profit on disposal of fixed assets	-	(7)
Deferred tax recognised in OCI	41,749	-
Deferred tax losses not recognised as an asset	92	-
Adjustments in respect of previous years	(41)	(15)
Other tax adjustments	4,284	(459)
Impact of change in tax rates	190	-
Tax charge	<u>1,762</u>	<u>7,899</u>

NEW GRANGE HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

10. Taxation (Continued)

On 1 April 2020 the corporation tax rate for UK company profits will reduce to 17%. For amounts expected to unwind prior to 1 April 2020, deferred tax is recognised at 19%. Thereafter, any deferred tax is recognised at 17%.

Tax effects relating to effects of other comprehensive income

	2019	2018
	£'000	£'000
Movement on deferred tax relating to revaluation of tangible fixed assets	41,749	366
Reversals of historic deferred tax on tangible fixed assets	105,765	-
	<u>147,514</u>	<u>366</u>

11. Dividends

	2019	2018
	£'000	£'000
Interim dividends paid	-	15,000
Dividends in specie	1,299,237	-
	<u>1,299,237</u>	<u>15,000</u>

12. Intangible fixed assets

Group	Goodwill	Patents and licences	Total
	£'000	£'000	£'000
Cost:			
At 1 April 2018	1,484	30	1,514
Disposals	(1,484)	-	(1,484)
At 31 March 2019	<u>-</u>	<u>30</u>	<u>30</u>
Amortisation:			
At 1 April 2018	1,223	30	1,253
Eliminated on disposals	(1,223)	-	(1,223)
At 31 March 2019	<u>-</u>	<u>30</u>	<u>30</u>
Net book value:			
31 March 2019	<u>-</u>	<u>-</u>	<u>-</u>
1 April 2018	<u>261</u>	<u>-</u>	<u>261</u>

NEW GRANGE HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

13. Tangible fixed assets

Group	Land and buildings £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost:				
At 1 April 2018	1,287,670	127,666	279	1,415,615
Additions	864	620	15	1,499
Disposals	(1,524,111)	(123,001)	(15)	(1,647,127)
Revaluation	242,279	-	-	242,279
At 31 March 2019	6,702	5,285	279	12,266
Amortisation:				
At 1 April 2018	70,934	88,219	220	159,373
Charge for the year	995	582	33	1,610
Impairment losses	3	491	-	494
Eliminated on disposal	(71,652)	(84,108)	(16)	(155,776)
At 31 March 2019	280	5,184	237	5,701
Net book value:				
31 March 2019	6,422	101	42	6,565
1 April 2018	1,216,736	39,447	59	1,256,242

The historical cost of land and buildings at 31 March 2019 is £6.30 million (2018: £333.03 million).

The investment properties are valued by the directors. The directors have considered the investment properties and in their opinion there is no material difference between the carrying values and the market value at 31 March 2019.

The analysis of net book value of land and buildings is as follows:

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Freehold	-	1,101,236	-	-
Long leasehold	-	89,667	-	-
Short leasehold	-	3,883	-	-
Investment properties - freehold	6,422	21,950	-	-
	6,422	1,216,736	-	-

NEW GRANGE HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

14. Fixed asset investments

Group	Interests in joint ventures £'000	Unlisted investments £'000	Total £'000
Cost:			
At 1 April 2018	329	10	339
Share of profit	-	-	-
Reclassification write off*	(329)	-	(329)
Disposals	-	(10)	-
At 31 March 2019	-	-	-
Carrying amount:			
At 31 March 2019	-	-	-
At 1 April 2018	329	10	339

*The Group's interest in its joint venture, Priestgate Estates Limited, has been reclassified as an unlisted investment on the basis that the Group no longer has any joint control or significant influence over the company. The investment was previously carried at cost plus the Group's share of the company's equity however, upon reclassification, a write off of £329,000 has been recognised to state the investment at its historical cost of £50.

Company	Shares in subsidiary undertakings £'000
Cost:	
At 25 January 2018	-
Additions	2
At 31 March 2019	2
Provisions for impairment:	
At 25 January 2018 and 31 March 2019	-
Carrying amount:	
At 31 March 2019	2
At 25 January 2018	-

NEW GRANGE HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

14. Fixed asset investments (Continued)

The company holds more than 20% of the share capital of the following companies:

Company	% Ordinary shares held		Activities
	Directly	Indirectly	
Globalgrange Limited	100%		Hoteliers
The Holborn Hotel Limited		100%	Non-trading
4 Howley Place Limited		100%	Non-trading
Grange Contracts Limited		100%	Non-trading
Boxmill Development (USS) Limited		100%	Non-trading
Grange Bracknell Limited		100%	Non-trading
Grange Hotels Limited		100%	Non-trading
Sectormatch Limited		100%	Non-trading
Grange (Prescot Street) Limited		100%	Non-trading
The City Hotel Management Limited		100%	Non-trading
Priestgate Estates Limited*		50%	Property developers and investors
Priestgate Property Limited**		50%	Property developers and investors

All companies, except for Priestgate Estates Limited and Priestgate Property Limited, are incorporated in the United Kingdom and registered at 58 Rochester Row, London, SW1P 1JU. Priestgate Estates Limited and Priestgate Property Limited are incorporated in the United Kingdom and registered at 1 Egerton Court, 4 Old Brompton Road, London, SW7 3HT.

*Priestgate Estates Limited has been reclassified as an unlisted investment (see page 31).

**Priestgate Property Limited is a 100% owned subsidiary of Priestgate Estates Limited.

During the year, the trade and assets of the Group's hotels were transferred to newly incorporated companies in the New Grange Holdings 2 group for proceeds totalling £1,514,741,000. A gain on disposal totalling £27,341,000 has been recognised in profit and loss.

15. Stocks

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Goods for resale	502	693	-	-

Cost of stock recognised as an expense is included in cost of sales.

16. Debtors

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<i>Amounts falling due within one year:</i>				
Trade debtors	1,849	8,541	-	-
Amounts owed by participating interests	1,337	1,337	-	-
Amounts owed by related parties	2,349	-	-	-
Corporation tax receivable	1,782	1,033	-	-
Other debtors	2,044	415	-	-
Prepayments and accrued income	6,026	2,232	-	-
	15,387	13,558	-	-

Amounts owed by related parties are repayable on demand and incur interest at 4%.

NEW GRANGE HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

17. Creditors: Amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (note 19)	-	71,000	-	-
Trade creditors	1,107	6,693	-	-
Amounts owed to related parties	25,820	-	-	-
Other taxation and social security	450	2,283	-	-
Other creditors	263	1,560	-	-
Accruals and deferred income	4,363	10,053	-	-
	<u>32,003</u>	<u>91,589</u>	<u>-</u>	<u>-</u>

Amounts owed to related parties are repayable on demand and incur interest at 4%.

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

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Bank loans (note 19)	-	154,438	-	-
	<u>-</u>	<u>154,438</u>	<u>-</u>	<u>-</u>

19. Borrowings

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
An analysis of maturity of borrowings is given below:				
Amounts falling due within one year:				
Bank loans	-	71,000	-	-
	<u>-</u>	<u>71,000</u>	<u>-</u>	<u>-</u>
Amounts falling due between one and five years:				
Bank loans	-	154,438	-	-
	<u>-</u>	<u>154,438</u>	<u>-</u>	<u>-</u>

The bank loans and overdraft were secured by a legal charge over all the properties and by a debenture over all the assets of the Group and by assignment of insurance policies on the lives of the directors. The bank loans total £nil (2018: £225,438,000) and were repayable by either monthly or quarterly instalments. The interest rate on the bank loans was LIBOR + 2.35% per annum. The Group used interest rate swaps to hedge against movements in interest rates. The bank loans were novated to related companies during the year as part of the group reorganisation.

20. Financial instruments

The carrying amount of the Group's financial instruments at 31 March was:

Financial assets:	2019	2018
	£'000	£'000
Debt instruments measured at amortised cost	7,579	10,384
	<u>7,579</u>	<u>10,384</u>

NEW GRANGE HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

20. Financial instruments (Continued)

Financial liabilities:	2019 £'000	2018 £'000
Measured at amortised cost	31,553	243,743

Interest rate swaps:

The interest rate swaps hedged existing loan facilities, LIBOR plus 2.35%, for the period up until 2027, however the Group terminated all interest rate swaps during the prior year.

21. Provisions for liabilities

Group	Notes	2019 £'000	2018 £'000
Onerous lease provision		12,835	-
Deferred tax liabilities	22	323	149,334
		<u>13,158</u>	<u>149,334</u>

Movements on provisions apart from deferred tax liabilities:

	Onerous lease provision £'000
Additional provisions in the year	12,835

During the year, the Group recognised an onerous lease provision in relation to one of its leased properties in which the unavoidable cost of meeting the lease obligations exceeds the economic benefits received.

NEW GRANGE HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

22. Deferred taxation

Group

The major deferred tax liabilities recognised by the company are:

	Liabilities 2019 £'000	Liabilities 2018 £'000	Assets 2019 £'000	Assets 2018 £'000
Balances:				
Accelerated capital allowances	323	1,435	-	-
Valuation of land and buildings	-	147,899	-	-
	<u>323</u>	<u>149,334</u>	<u>-</u>	<u>-</u>
				2019 £'000
Movements in the year:				
Liability at 1 April 2018				149,334
Credit to profit or loss				(1,497)
Credit to other comprehensive income				(147,514)
Liability at 31 March 2019				<u>323</u>

23. Share capital and reserves

Company share capital	2019 £'000	2018 £'000
Allotted, issued and fully paid:		
150,000 Ordinary shares of £0.01 each	2	2

On 25 January 2018, the Company was incorporated and issued 150,000 Ordinary shares of £0.01 each at par. On 3 May 2018, prior to control of Globalgrange Limited being passed to New Grange Holdings 3 Limited, Globalgrange Limited and its relevant subsidiaries capitalised the amount standing to the credit of the revaluation and other reserves (£862,895,000) through a bonus issue at a premium of 1 ordinary share of £1 in each relevant entity which would be credited as fully paid (the "Capitalisation"). Following the Capitalisation becoming effective, Globalgrange Limited and its relevant subsidiaries subsequently reduced the amount standing to the credit of the share premium account by way of a reduction of capital, and the amount of share premium was credited to retained earnings. This is presented in the Consolidated Statement of Changes in Equity as a consequence of applying the principles of merger accounting.

Ordinary share rights

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

NEW GRANGE HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

24. Reserves

Reserves of the Group and Company represent the following:

Revaluation reserve

The cumulative revaluation gains and losses in respect of land and buildings, except revaluation gains and losses recognised in profit or loss. Excess depreciation charged on revalued buildings over the historical cost depreciation is transferred from the revaluation reserve to the profit and loss reserve annually.

Merger reserve

The merger reserve represents the difference between the cost of the investment in a subsidiary undertaking and the equity of that subsidiary acquired, on consolidation.

Retained earnings

Cumulative profit and loss net of distributions to owners.

25. Reconciliation of profit after tax to net cash generated from operations

	Group	
	2019	2018
	£'000	£'000
Profit after tax	7,491	22,691
<i>Adjustments for:</i>		
Amortisation of intangible fixed assets	-	62
Depreciation of tangible fixed assets	1,610	13,379
Impairment of tangible fixed assets	494	-
Impairment of fixed asset investments	329	-
Profit on disposal of fixed asset investments	(57)	-
Profit on disposal of operations	(27,341)	-
Provision against amounts due from related parties	11,137	-
Share of operating profit in joint venture	-	(291)
Movement in swap instruments	-	(4,693)
Profit on sale of fixed assets	-	(35)
Interest receivable	(620)	(100)
Interest payable	1,603	8,827
Taxation	1,762	7,899
Provision movements	12,835	-
Operating cash flows before movements in working capital	9,243	47,739
Decrease/(increase) in stock	191	(144)
(Increase)/decrease in debtors	(1,079)	20
Increase in creditors	23,612	537
Cash generated from operations	31,967	48,152
Cash and cash equivalents		
	Group	
	2019	2018
	£'000	£'000
Cash and cash equivalents represent:		
Cash at bank and in hand	41,944	45,458

NEW GRANGE HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

26. Capital commitments

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Contracted for but not provided in the financial statements	-	11,005	-	8,113

These are in respect of developing existing properties.

27. Financial commitments

The total future minimum lease payments under non-cancellable operating leases are as follows:

Land and buildings	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Payments due:				
Within one year	2,124	2,995	-	-
Between one and five years	7,661	11,143	-	-
In over five years	12,656	35,241	-	-
	<u>22,441</u>	<u>49,379</u>	<u>-</u>	<u>-</u>

28. Retirement benefits

The Group operates a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the Group in an independently administered fund. Contributions payable by the Group charged to profit or loss amounted to:

	2019	2018
	£'000	£'000
Contributions payable by the group for the year	<u>101</u>	<u>170</u>

Contributions totalling £nil (2018: £nil) were repayable to the fund at the year end.

29. Related party transactions

The company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

The Group was owed £500,074 (2018: £859,819) from a director and owed £452,790 (2018: £2,221,193) to 2 directors at the year end. No interest was charged on these amounts during the year. During the year dividends were paid in specie to a company in which the directors had a participating interest totalling £1,299,237,500 (2018: dividends paid to directors totalling £13,200,000 and to close family members totalling £1,800,000).

NEW GRANGE HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

29. Related party transactions (Continued)

During the year the Group was charged rent and interest by entities in which the directors are also directors/trustees as follows:

Rent payable	£358,800 (2018: £358,800)
Interest payable	£1,158 (2018: £1,294)
Amount due from related parties	£1,366,502 (2018: £1,366,502)
Amount due to related parties	£nil (2018: £89,529)

At the balance sheet date, the Group held the following balances with companies under common control:

Amount due from related parties	£2,349,521 (2018: £nil)
Amount due to related parties	£25,820,346 (2018: £nil)

During the period the Group recharged staff costs to entities within the group, New Grange Holdings 2 Limited, with all entities being under common control:

Wages and salaries	£27,088,797 (2018: £nil)
Social security costs	£1,505,322 (2018: £nil)
Pension costs	£231,040 (2018: £nil)

30. Ultimate controlling party

The Company is ultimately owned and controlled by the directors.

31. Post balance sheet events

On 1 July 2019, the Company acquired 100% of the ordinary share capital of Globalgrange 1 Limited and Globalgrange 2 Limited, together with its subsidiaries Grange Blooms & White Hall Limited, Grange Lancaster Limited, Grange Buckingham Limited, Grange Portland Limited, Grange Clarendon Limited and Grange Beauchamp Limited from a related party, Globalgrange Hotels Limited, at par. The acquisitions took place as part of the continued reconstruction of the group.

In March 2020, the World Health Organization formally recognised COVID-19, the novel strain of coronavirus, as a pandemic. There remains significant uncertainty as to the extent and duration of the global economic impact. The directors have taken measures to reduce the impact on the group, these are detailed in the strategic report and in note 1.5. The directors concluded that this event is indicative of conditions that arose after the balance sheet date, and is therefore a non-adjusting event, however they expect that it will have a material impact on the carrying value of the Group's properties post year end.