

**GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
FOR
BGAM HOTELS (TM) LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2019**

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BGAM HOTELS (TM) LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019

DIRECTORS:

J D Levy
J P Levy
L M Becker
M D Rubin
N S Rubin

REGISTERED OFFICE:

Greenhill House
90/93 Cowcross Street
London
EC1M 6BF

REGISTERED NUMBER:

11258233 (England and Wales)

AUDITORS:

Goldwyns Limited
Statutory Auditors and Chartered Accountants
Rutland House
90-92 Baxter Avenue
Southend on Sea
Essex
SS2 6HZ

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their strategic report of the company and the group for the year ended 31 December 2019.

The results for the period show revenues generated of £4,006,997 (2018 - £523,854) and a resultant loss before tax of £(515,234) (2018 - £(193,325)).

However, the directors are mindful that the consolidated figures include significant provision for amortising the group's acquisition of the trading subsidiary. This therefore masks the underlying trading results.

REVIEW OF BUSINESS

The comparative figures also only include the trading activities of the subsidiary since acquisition in November 2018. This therefore distorts the comparability of the previous year's figures.

Following a change of ownership in November 2018, substantial money was spent on the refurbishment of the underlying hotel which significantly reduced trade in the interim, particularly when coupled with the inevitable disruption of changing managing agents. With refurbishment works now concluded the hotel is in a much stronger (and more appealing) position and the directors are anticipating a steady improvement in trade over the coming years.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk to the underlying business is inadequate occupancy of its available rooms and therefore an inability to generate sufficient revenues to service operations. The directors closely monitor the subsidiary's performance against similar companies operating in comparable markets and respond accordingly.

The subsidiary is also susceptible to any loss in key members of operational staff and therefore operates a number of performance reward and incentive programmes to mitigate these risks.

Furthermore, since balance sheet date the group, and of course the wider economy, has been severely affected by the spread of Covid-19 (Coronavirus) and the resultant Government restrictions on the leisure industry and the free movement of individuals. The directors have acted quickly to mitigate the damage in the short-term, but this has severely hampered the group's ability to trade successfully during 2020. The group therefore remains at risk of further restrictions and / or loss of trade.

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

SECTION 172(1) STATEMENT

Stakeholder engagement

The board of directors have a legal responsibility under section 172 of the Companies Act 2006 to act in the way we consider, in good faith, would be most likely to promote the group's success for the benefit of its members as a whole, and to have regard to the long-term effect of our decisions on the group and its stakeholders. This statement addresses the ways in which we as a board handle this responsibility.

Decision making

Regular operational and strategic meetings are held by the directors and general managers. This ensures the board has access to the key factors affecting all areas of the business' decision making, shorter term or longer.

Employee engagement

The subsidiary maintains a diverse workforce of local employees spanning all aspects of the hotel delivery, supplemented by outsourced staff and suppliers where necessary. Staff are rewarded in line with comparable local markets, provided with specific training relevant to their needs and have access to wider industry opportunities as a result of the same.

Business relationships

The group actively maintains strong relationships with its key suppliers and support functions, to ensure it has access to the resources it needs to operate effectively.

Community and environmental impact

The directors remain ever conscious of the impact their business has on the local community and environment.

Business conduct

The directors closely monitor the group's service delivery to ensure at all times the business is honest, fair and professional in its conduct with all stakeholders.

Shareholder engagement

The group is actively managed by its ultimate shareholders, who are all represented on the board of directors.

ON BEHALF OF THE BOARD:

J D Levy - Director

22 December 2020

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2019.

DIVIDENDS

The total distribution of dividends for the year ended 31 December 2019 will be £ 100,000 .

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

J D Levy
J P Levy
L M Becker
M D Rubin
N S Rubin

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 company and the group and of the profit or loss of the group for that period. In preparing these 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Goldwyns Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

J D Levy - Director

22 December 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BGAM HOTELS (TM) LIMITED

Opinion

We have audited the financial statements of BGAM Hotels (TM) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 of the parent company affairs as at 31 December 2019 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 draw attention to note 23 in the financial statements, which details the material uncertainties arising that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BGAM HOTELS (TM) LIMITED

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 or the Report of the Directors.

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

- adequate accounting records have not been kept by the parent company, or 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
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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.

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

S T Blundell ACA (Senior Statutory Auditor)
for and on behalf of Goldwyns Limited
Statutory Auditors and Chartered Accountants
Rutland House
90-92 Baxter Avenue
Southend on Sea
Essex
SS2 6HZ

23 December 2020

BGAM HOTELS (TM) LIMITED (REGISTERED NUMBER: 11258233)

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

		YEAR ENDED 31/12/19 £	PERIOD 16/3/18 TO 31/12/18 £
	Notes		
TURNOVER		4,006,997	523,854
Cost of sales		<u>2,538,444</u>	<u>44,439</u>
GROSS PROFIT		1,468,553	479,415
Administrative expenses		<u>1,475,232</u>	<u>498,435</u>
OPERATING LOSS	4	(6,679)	(19,020)
Interest payable and similar expenses	5	<u>508,555</u>	<u>174,305</u>
LOSS BEFORE TAXATION		(515,234)	(193,325)
Tax on loss	6	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(515,234)</u>	<u>(193,325)</u>
Loss attributable to:			
Owners of the parent		<u>(515,234)</u>	<u>(193,325)</u>

The notes form part of these financial statements

BGAM HOTELS (TM) LIMITED (REGISTERED NUMBER: 11258233)

**CONSOLIDATED OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	YEAR ENDED 31/12/19 £	PERIOD 16/3/18 TO 31/12/18 £
LOSS FOR THE YEAR		(515,234)	(193,325)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(515,234)</u>	<u>(193,325)</u>
Total comprehensive income attributable to: Owners of the parent		<u>(515,234)</u>	<u>(193,325)</u>

The notes form part of these financial statements

BGAM HOTELS (TM) LIMITED (REGISTERED NUMBER: 11258233)

**CONSOLIDATED BALANCE SHEET
31 DECEMBER 2019**

	Notes	2019 £	£	2018 £	£
FIXED ASSETS					
Intangible assets	9		6,004,649		6,039,183
Tangible assets	10		14,306,494		13,089,353
Investments	11		-		-
Negative goodwill	12		(769,082)		(838,444)
			<u>19,542,061</u>		<u>18,290,092</u>
CURRENT ASSETS					
Stocks	13	34,719		34,870	
Debtors	14	1,229,585		408,433	
Cash at bank and in hand		<u>80,516</u>		<u>2,453,991</u>	
		1,344,820		2,897,294	
CREDITORS					
Amounts falling due within one year	15	<u>1,945,677</u>		<u>8,416,139</u>	
NET CURRENT LIABILITIES			<u>(600,857)</u>		<u>(5,518,845)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			18,941,204		12,771,247
CREDITORS					
Amounts falling due after more than one year	16		<u>19,749,758</u>		<u>12,964,567</u>
NET LIABILITIES			<u>(808,554)</u>		<u>(193,320)</u>
CAPITAL AND RESERVES					
Called up share capital	20		5		5
Retained earnings	21		<u>(808,559)</u>		<u>(193,325)</u>
SHAREHOLDERS' FUNDS			<u>(808,554)</u>		<u>(193,320)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 22 December 2020 and were signed on its behalf by:

J D Levy - Director

**COMPANY BALANCE SHEET
31 DECEMBER 2019**

	Notes	2019 £	£	2018 £	£
FIXED ASSETS					
Intangible assets	9		-		-
Tangible assets	10		-		-
Investments	11		8,912,111		9,040,319
Negative goodwill	12		-		-
			<u>8,912,111</u>		<u>9,040,319</u>
CURRENT ASSETS					
Debtors	14	734,712		103,749	
Cash at bank and in hand		<u>5</u>		<u>2,341,610</u>	
		734,717		2,445,359	
CREDITORS					
Amounts falling due within one year	15	<u>9,643,497</u>		<u>11,623,503</u>	
NET CURRENT LIABILITIES			<u>(8,908,780)</u>		<u>(9,178,144)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,331</u>		<u>(137,825)</u>
CAPITAL AND RESERVES					
Called up share capital	20		5		5
Retained earnings	21		<u>3,326</u>		<u>(137,830)</u>
SHAREHOLDERS' FUNDS			<u>3,331</u>		<u>(137,825)</u>
Company's profit/(loss) for the financial year			<u>241,156</u>		<u>(137,830)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 22 December 2020 and were signed on its behalf by:

J D Levy - Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Retained earnings £	Total equity £
Changes in equity			
Issue of share capital	5	-	5
Total comprehensive income	-	(193,325)	(193,325)
Balance at 31 December 2018	<u>5</u>	<u>(193,325)</u>	<u>(193,320)</u>
Changes in equity			
Dividends	-	(100,000)	(100,000)
Total comprehensive income	-	(515,234)	(515,234)
Balance at 31 December 2019	<u>5</u>	<u>(808,559)</u>	<u>(808,554)</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Retained earnings £	Total equity £
Changes in equity			
Issue of share capital	5	-	5
Total comprehensive income	-	(137,830)	(137,830)
Balance at 31 December 2018	<u>5</u>	<u>(137,830)</u>	<u>(137,825)</u>
Changes in equity			
Dividends	-	(100,000)	(100,000)
Total comprehensive income	-	241,156	241,156
Balance at 31 December 2019	<u>5</u>	<u>3,326</u>	<u>3,331</u>

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

		YEAR ENDED 31/12/19 £	PERIOD 16/3/18 TO 31/12/18 £
	Notes		
Cash flows from operating activities			
Cash generated from operations	1	(1,538,376)	1,239,444
Interest paid		(168,323)	(134,800)
Interest element of finance lease payments paid		(340,232)	(39,505)
Net cash from operating activities		<u>(2,046,931)</u>	<u>1,065,139</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,400,230)	(13,099,596)
Sale of tangible fixed assets		-	6,550,000
Net cash from investing activities		<u>(1,400,230)</u>	<u>(6,549,596)</u>
Cash flows from financing activities			
Finance lease advances		583,846	13,000,000
Other loan advances		6,552,500	6,110,000
Capital repayments in year		(5,962,660)	(35,433)
Share issue		-	5
Acquisition of shares		-	(9,040,319)
Debt settled on acquisition		-	(2,067,903)
Cash acquired		-	(27,902)
Equity dividends paid		(100,000)	-
Net cash from financing activities		<u>1,073,686</u>	<u>7,938,448</u>
(Decrease)/increase in cash and cash equivalents		<u>(2,373,475)</u>	<u>2,453,991</u>
Cash and cash equivalents at beginning of year	2	2,453,991	-
Cash and cash equivalents at end of year	2	<u>80,516</u>	<u>2,453,991</u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	YEAR ENDED 31/12/19 £	PERIOD 16/3/18 TO 31/12/18 £
Loss before taxation	(515,234)	(193,325)
Depreciation charges	20,054	(6,637)
Finance costs	508,555	174,305
	<u>13,375</u>	<u>(25,657)</u>
Decrease in stocks	151	6,037
Increase in trade and other debtors	(821,152)	(80,775)
(Decrease)/increase in trade and other creditors	(730,750)	1,339,839
Cash generated from operations	<u><u>(1,538,376)</u></u>	<u><u>1,239,444</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2019

	31/12/19 £	1/1/19 £
Cash and cash equivalents	<u>80,516</u>	<u>2,453,991</u>

Period ended 31 December 2018

	31/12/18 £	16/3/18 £
Cash and cash equivalents	<u>2,453,991</u>	<u>-</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/1/19 £	Cash flow £	At 31/12/19 £
Net cash			
Cash at bank and in hand	2,453,991	(2,373,475)	80,516
	<u>2,453,991</u>	<u>(2,373,475)</u>	<u>80,516</u>
Debt			
Finance leases	(12,964,567)	(614,091)	(13,578,658)
Debts falling due within 1 year	(6,110,000)	5,923,666	(186,334)
Debts falling due after 1 year	-	(6,355,054)	(6,355,054)
	<u>(19,074,567)</u>	<u>(1,045,479)</u>	<u>(20,120,046)</u>
Total	<u><u>(16,620,576)</u></u>	<u><u>(3,418,954)</u></u>	<u><u>(20,039,530)</u></u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. STATUTORY INFORMATION

BGAM Hotels (TM) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The group trades from its leased property in Barnsley, South Yorkshire.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents the income receivable by the group from its trading activities as a hotel. Sales encompass room hire, food and beverage income and all other associated ancillary hotel and guest services. Turnover is recognised in the period in which the physical goods are sold, as services are performed or otherwise as entitlement accrues to the group.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangibles assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Other intangibles is being amortised evenly over its estimated useful life of 175 years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Leasehold property	- over a period of 175 years
Improvements to property	- 20% on cost
Equipment	- 20% on cost
Fixtures and fittings	- 20% on cost

Goodwill

Due to a series of beneficial negotiations during 2018, the company managed to acquire its interest in the trading subsidiary for less than the fair value of the subsidiary's net assets at that time. Consequently, it has generated negative goodwill on the acquisition.

The negative goodwill has been recognised as an intangible fixed asset and is being released over the 5 year period from which the company expects to immediately benefit from the acquisition.

3. EMPLOYEES AND DIRECTORS

	YEAR ENDED 31/12/19 £	PERIOD 16/3/18 TO 31/12/18 £
Wages and salaries	1,501,503	123,542
Social security costs	94,688	7,217
Other pension costs	24,880	923
	<u>1,621,071</u>	<u>131,682</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the year was as follows:

	YEAR ENDED 31/12/19	PERIOD 16/3/18 TO 31/12/18
Operational	117	137
Directors	<u>-</u>	<u>5</u>
	<u>117</u>	<u>142</u>

	YEAR ENDED 31/12/19	PERIOD 16/3/18 TO 31/12/18
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

4. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	YEAR ENDED 31/12/19	PERIOD 16/3/18 TO 31/12/18
	£	£
Depreciation - owned assets	(132,782)	(20,240)
Depreciation - assets on finance leases	118,301	9,286
Other intangibles amortisation	34,534	4,317
Auditors' remuneration	12,500	12,500
Auditors' remuneration for non audit work	<u>5,750</u>	<u>-</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	YEAR ENDED 31/12/19	PERIOD 16/3/18 TO 31/12/18
	£	£
Other loan interest payable	168,323	134,800
Leasing	<u>340,232</u>	<u>39,505</u>
	<u>508,555</u>	<u>174,305</u>

6. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 December 2019 nor for the period ended 31 December 2018.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

6. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	YEAR ENDED 31/12/19 £	PERIOD 16/3/18 TO 31/12/18 £
Loss before tax	<u>(515,234)</u>	<u>(193,325)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(97,894)	(36,732)
Effects of:		
Expenses not deductible for tax purposes	2,187	6,327
Capital allowances in excess of depreciation	(192,137)	(27,452)
Losses carried forward	<u>287,844</u>	<u>57,857</u>
Total tax charge	<u>-</u>	<u>-</u>

Factors affecting future tax charges

At the balance sheet date the group has corporation tax losses carried forward against future trading profits of £1.7m, unused capital allowances in excess of £5.2m and capital gains losses in excess of £3.7m. Although no deferred tax assets have been recognised for these, they will reduce the group's exposure to future taxable profits accordingly.

7. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

8. DIVIDENDS

	YEAR ENDED 31/12/19 £	PERIOD 16/3/18 TO 31/12/18 £
Interim	<u>100,000</u>	<u>-</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. INTANGIBLE FIXED ASSETS

Group

	Other intangibles £
COST	
At 1 January 2019 and 31 December 2019	<u>6,043,500</u>
AMORTISATION	
At 1 January 2019	4,317
Amortisation for year	<u>34,534</u>
At 31 December 2019	<u>38,851</u>
NET BOOK VALUE	
At 31 December 2019	<u>6,004,649</u>
At 31 December 2018	<u>6,039,183</u>

10. TANGIBLE FIXED ASSETS

Group

	Leasehold property £	Improvements to property £	Equipment £	Fixtures and fittings £	Totals £
COST					
At 1 January 2019	13,000,000	-	134,596	-	13,134,596
Additions	-	832,379	107,746	460,105	1,400,230
At 31 December 2019	<u>13,000,000</u>	<u>832,379</u>	<u>242,342</u>	<u>460,105</u>	<u>14,534,826</u>
DEPRECIATION					
At 1 January 2019	9,286	-	35,957	-	45,243
Charge for year	68,571	60,153	28,934	25,431	183,089
At 31 December 2019	<u>77,857</u>	<u>60,153</u>	<u>64,891</u>	<u>25,431</u>	<u>228,332</u>
NET BOOK VALUE					
At 31 December 2019	<u>12,922,143</u>	<u>772,226</u>	<u>177,451</u>	<u>434,674</u>	<u>14,306,494</u>
At 31 December 2018	<u>12,990,714</u>	<u>-</u>	<u>98,639</u>	<u>-</u>	<u>13,089,353</u>

On 16 November 2018 the group entered into agreement to sell and then leaseback the property from which it trades, over a period of 175 years. This lease substantially amounts to a financing lease, as the group will derive benefit from the property throughout a major part of its useful life, and has been recognised accordingly.

The disposal event created an accounting loss which has been recognised as an intangible fixed asset (above) and is being written down over the same period as the property.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. TANGIBLE FIXED ASSETS - continued

Group

Fixed assets, included in the above, which are held under finance leases are as follows:

	Leasehold property £	Improvements to property £	Equipment £	Fixtures and fittings £	Totals £
COST					
At 1 January 2019	13,000,000	-	-	-	13,000,000
Additions	-	319,864	1,968	227,361	549,193
At 31 December 2019	13,000,000	319,864	1,968	227,361	13,549,193
DEPRECIATION					
At 1 January 2019	9,286	-	-	-	9,286
Charge for year	68,571	34,512	196	15,022	118,301
At 31 December 2019	77,857	34,512	196	15,022	127,587
NET BOOK VALUE					
At 31 December 2019	12,922,143	285,352	1,772	212,339	13,421,606
At 31 December 2018	12,990,714	-	-	-	12,990,714

11. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 January 2019	9,040,319
Impairments	(128,208)
At 31 December 2019	8,912,111
NET BOOK VALUE	
At 31 December 2019	8,912,111
At 31 December 2018	9,040,319

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiary

Tankersley Hotels Limited

Registered office: Greenhill House, 90/93 Cowcross Street, London EC1M 6BF

Nature of business: Hotel

	% holding
Class of shares:	
Ordinary	100.00

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. FIXED ASSET INVESTMENTS - continued

Acquisition

The company acquired the entire issued share capital of Tankersley Hotels Limited 16 November 2018. A proportion of the purchase price was attributed to repaying the subsidiary's debt at that time, with the rest representing the cost of shares acquired.

From that date all of the subsidiary's financial affairs have been consolidated in the group figures in full.

12. NEGATIVE GOODWILL

Group

	Total £
FAIR VALUE	
At 1 January 2019	(859,641)
Cost	<u>(128,208)</u>
At 31 December 2019	<u>(987,849)</u>
DEPRECIATION	
At 1 January 2019	(21,197)
Charge for year	<u>(197,570)</u>
At 31 December 2019	<u>(218,767)</u>
NET BOOK VALUE	
At 31 December 2019	<u>(769,082)</u>
At 31 December 2018	<u>(838,444)</u>

13. STOCKS

	Group	
	2019 £	2018 £
Stocks	<u>34,719</u>	<u>34,870</u>

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Company	
	2019 £	2018 £	2019 £
Trade debtors	129,169	116,199	-
Other debtors	924,712	222,499	734,712
Prepayments	<u>175,704</u>	<u>69,735</u>	<u>-</u>
	<u>1,229,585</u>	<u>408,433</u>	<u>734,712</u>
			<u>103,749</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans and overdrafts (see note 17)	140,550	-	-	-
Other loans (see note 17)	45,784	6,110,000	-	6,110,000
Finance leases (see note 18)	183,954	-	-	-
Trade creditors	351,084	322,907	-	-
Amounts owed to group undertakings	-	-	9,269,496	5,431,072
Social security and other taxes	20,707	16,152	-	-
VAT	25,066	1,308,391	-	-
Other creditors	653,677	137,315	371,001	-
Accrued expenses	524,855	521,374	3,000	82,431
	<u>1,945,677</u>	<u>8,416,139</u>	<u>9,643,497</u>	<u>11,623,503</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2019	2018
	£	£
Bank loans (see note 17)	6,261,950	-
Other loans (see note 17)	93,104	-
Finance leases (see note 18)	<u>13,394,704</u>	<u>12,964,567</u>
	<u>19,749,758</u>	<u>12,964,567</u>

17. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	140,550	-	-	-
Other loans	<u>45,784</u>	<u>6,110,000</u>	<u>-</u>	<u>6,110,000</u>
	<u>186,334</u>	<u>6,110,000</u>	<u>-</u>	<u>6,110,000</u>
Amounts falling due between one and two years:				
Bank loans	140,550	-	-	-
Other loans	<u>51,281</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>191,831</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amounts falling due between two and five years:				
Bank loans	6,121,400	-	-	-
Other loans	<u>41,823</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>6,163,223</u>	<u>-</u>	<u>-</u>	<u>-</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

18. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Finance leases	
	2019	2018
	£	£
Gross obligations repayable:		
Within one year	573,836	319,558
Between one and five years	1,714,777	1,305,911
In more than five years	95,099,976	95,317,348
	<u>97,388,589</u>	<u>96,942,817</u>
Finance charges repayable:		
Within one year	389,882	319,558
Between one and five years	1,372,281	1,305,911
In more than five years	82,047,768	82,352,781
	<u>83,809,931</u>	<u>83,978,250</u>
Net obligations repayable:		
Within one year	183,954	-
Between one and five years	342,496	-
In more than five years	13,052,208	12,964,567
	<u>13,578,658</u>	<u>12,964,567</u>

On 16 November 2018 the group entered into an agreement to lease the property from which it trades for a period of 175 years. This transaction amounts to a finance lease and has been recognised accordingly. The group is liable for an annual rent of £210,000, adjusted for changes in the retail price index but subject to a minimum of 1% and a maximum of 4% increase per year.

Throughout the initial period of the lease the annual interest arising will exceed the rental payments due and therefore the group's recognised finance liability will continue to increase.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

19. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans	6,402,500	-	-	-
Other loans	138,888	6,110,000	-	6,110,000
Finance leases	13,578,658	12,964,567	-	-
	<u>20,120,046</u>	<u>19,074,567</u>	<u>-</u>	<u>6,110,000</u>

The subsidiary had also given cross-guarantees in respect of other associated companies' debts. At the balance sheet date, those companies' liabilities to the bank totalled £8,438,222 (2018 - £nil).

The subsidiary has given fixed and floating charges over all of its interests in the property (and any proceeds arising therefrom) as security for its bank loans, and its cross-guarantee.

Finance lease liabilities are secured on the assets to which they relate.

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019	2018
			£	£
500	Ordinary	1p	<u>5</u>	<u>5</u>

21. RESERVES

Group

	Retained earnings £
At 1 January 2019	(193,325)
Deficit for the year	(515,234)
Dividends	(100,000)
At 31 December 2019	<u>(808,559)</u>

Company

	Retained earnings £
At 1 January 2019	(137,830)
Profit for the year	241,156
Dividends	(100,000)
At 31 December 2019	<u>3,326</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

22. RELATED PARTY DISCLOSURES

At the balance sheet date the group was owed £318,121 (2018 - £121,816) by companies under common control .

23. GOING CONCERN

The consolidated income statement reports a loss for the period of £515,234 and the consolidated balance sheet a deficiency of net assets amounting to £808,554.

Furthermore, since the balance sheet date, but prior to the completion of these financial statements, the UK was struck by the Covid-19 pandemic. This resulted in the widescale restriction of free movement and an enforced closure of hotels such as the group's. Although the group has since been able to start re-opening, it has been adversely affected by a substantial period of no turnover, and still remains below normal occupancy levels.

The directors acted quickly to mitigate the short-term damage. However, various ongoing restrictions, operational challenges and the ever present risk of further lockdowns (local or national) prove challenging. These represent uncertainties beyond the group's control, which could therefore hamper the group's ability to settle its liabilities as they fall due, should the situation continue for the foreseeable future.

Whilst these uncertainties are significant, early signs are encouraging and the group has a number of contingency options in place. The financial statements are therefore still drawn up on a going concern basis.

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