

Newco UK (ESP) 2019 Limited

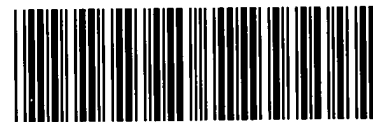
Annual Report and Financial Statements

Period Ended

31 March 2020

Company Number 12077903

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Newco UK (ESP) 2019 Limited

Company Information

Directors	S Pasricha L G Young
Registered number	12077903
Registered office	Third Floor 20 Old Bailey London EC4M 7AN
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

Newco UK (ESP) 2019 Limited

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Newco UK (ESP) 2019 Limited

Strategic Report for the Period Ended 31 March 2020

Introduction

The directors present their strategic report, together with the audited financial statements for the period from 1 July 2019 to 31 March 2020.

Principal activities

The company was incorporated on 1 July 2019 and commenced activities on that date.

The principal activity of the company was that of an investment holding company.

Business review

The company made a loss for the period of £877,041.

Principal risks and uncertainties

Investment Risk

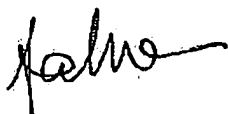
As a holding company within the Norlake group, the company is exposed to falls in values of its investments. The Company reviews investment values in cases of a trigger event that may cause the fair value to be lower than the carrying value and adjusts the carrying value accordingly.

The directors consider the main risk facing the company's investment values as being the global coronavirus pandemic involving the spread of COVID-19 and the counter measures adopted by governments as they seek to mitigate the impact of the pandemic. The economic impact on the hotel sector is widely reported and acknowledged by the directors who have reviewed the mitigation strategies implemented to reduce the cost base.

Financial Key Performance Indicators

The group's directors manage the group's operations on a consolidated basis using key performance indicators. The company's directors monitor the performance of its subsidiaries through regular review of the performance of its subsidiary compared to agreed budgets, and progress of its development projects against agreed development plans. The company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the company's business or that of its investments. The key performance indicators of the Group are included in the Norlake Hospitality Limited Annual report and financial statements which are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

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



L G Young
Director

Date: 29 March 2021

Newco UK (ESP) 2019 Limited

Directors' Report for the Period Ended 31 March 2020

The directors present their report and the financial statements for the period from 1 July 2019 to 31 March 2020.

The company was incorporated on 1 July 2019 and commenced activities on that date.

Directors' responsibilities

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

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

- select suitable accounting policies for the company's financial statements 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 transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the company was that of a holding company.

Directors

The directors who served during the period were:

S Pasricha (appointed on 1 July 2019)

L G Young (appointed on 1 July 2019)

D G Caldecott (appointed on 1 July 2019 and resigned on 20 March 2020)

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

Disclosure of information to auditor

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

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

Newco UK (ESP) 2019 Limited

Directors' Report (continued) for the Period Ended 31 March 2020

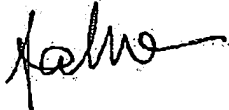
Auditor

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

Going concern

The Directors have considered the funding requirements of the business for the next twelve months, including considering the ongoing impact of COVID-19. On the basis of their assessment, the company has been prepared on a going concern basis, as explained in note 2.3.

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



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L G Young
Director

Date: 29 March 2021

Newco UK (ESP) 2019 Limited

Independent Auditor's Report to the Members of Newco UK (ESP) 2019 Limited

Opinion

We have audited the financial statements of Newco UK (ESP) 2019 Limited ("the company") for the 9 month period to 31 March 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Newco UK (ESP) 2019 Limited

Independent Auditor's Report to the Members of Newco UK (ESP) 2019 Limited (continued)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Newco UK (ESP) 2019 Limited

Independent Auditor's Report to the Members of Newco UK (ESP) 2019 Limited (continued)

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

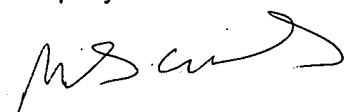
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



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

Date: 30 March 2021

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

Newco UK (ESP) 2019 Limited

Statement of Comprehensive Income for the Period Ended 31 March 2020

	Note	1 July 2019 to 31 March 2020 £
Administrative expenses		(3,177)
Operating loss		(3,177)
Exchange gains	6	289,360
Interest receivable and similar income	7	604,631
Interest payable and similar charges	8	(1,973,581)
Loss before tax		(1,082,767)
Tax on loss	9	205,726
Loss for the financial period		(877,041)

All amounts relate to continuing operations.

There was no other comprehensive income during the period ending 31 March 2020.

The notes on pages 10 to 17 form part of these financial statements.

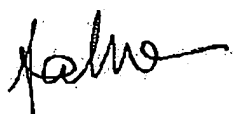
Newco UK (ESP) 2019 Limited

Registered number: 12077903

Statement of Financial Position as at 31 March 2020

	Note		31 March 2020 £
Fixed assets			
Investments	10		50,941,419
Current assets			
Debtors	11	24,424,332	
Cash at bank and in hand		1,350,625	
		<u>25,774,957</u>	
Creditors: amounts falling due within one year	12	<u>(77,592,417)</u>	
Net current liabilities			<u>(51,817,460)</u>
Net liabilities			<u>(876,041)</u>
Capital and reserves			
Share capital	13		1,000
Accumulated losses	14		<u>(877,041)</u>
			<u>(876,041)</u>

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



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L G Young
Director

Date: 29 March 2021

The notes on pages 10 to 17 form part of these financial statements.

Newco UK (ESP) 2019 Limited

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

	Share capital £	Accumulated losses £	Total equity £
Comprehensive loss for the period			
Loss for the period	-	(877,041)	(877,041)
Contributions by owners			
Shares issued during the period	1,000	-	1,000
At 31 March 2020	<u>1,000</u>	<u>(877,041)</u>	<u>(876,041)</u>

The notes on pages 10 to 17 form part of these financial statements.

Newco UK (ESP) 2019 Limited

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

1. General information

Newco UK (ESP) 2019 Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operation and principal activity are set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Norlake Hospitality Limited as at 31 March 2020 and these financial statements may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

2.3 Going concern

At the reporting date, the company had net current liabilities of £51,817,460. The company's parent group has committed to provide support to ensure the company can meet its liabilities as they fall due. The directors have considered the ability and willingness of the parent group to provide continued support to the company and have concluded they are satisfied it is appropriate to prepare the accounts on a going concern basis.

Newco UK (ESP) 2019 Limited

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

2. Accounting policies (continued)

2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.7 Creditors

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

2.8 Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Newco UK (ESP) 2019 Limited

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

2. Accounting policies (continued)

2.9 Current and deferred taxation

Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.10 Interest receivable

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

2.11 Interest payable

Interest payable is recognised in the statement of comprehensive income on an accrued basis.

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

Other key sources of estimation uncertainty:

- *Impairment of investments in subsidiaries*

Determining whether or not the company's investments in its subsidiaries have been impaired requires estimations of the value in use of the investments. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate the present value. The carrying amount of investments in subsidiaries at the reporting date was £50,941,419 with no impairment loss recognised in the current period in respect of this balance.

- *Recoverability of amounts due from group undertakings*

Provision for impairment of the carrying value of amounts due from group undertakings is made based on management's estimate of the prospect of recovering the amounts due, which includes considering the solvency of the counterparty and its future outlook, based on budgets and forecasts prepared by management. The directors are of the opinion that the amounts due from group undertakings are recoverable in full and on this basis no impairment has been recognised in the current period in respect of these balances.

Newco UK (ESP) 2019 Limited

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

4. Directors' remuneration

The company has no employees other than directors, who did not receive any remuneration in the period.

Directors' remuneration is borne by another group company.

5. Auditor's remuneration

Auditor's remuneration is borne by another group company.

6. Exchange gains

1 July 2019
to
31 March
2020
£

Exchange gains on balances with group undertakings

289,360

7. Interest receivable and similar income

1 July 2019
to
31 March
2020
£

Interest receivable from group undertakings

604,631

8. Interest payable and similar charges

1 July 2019
to
31 March
2020
£

Interest payable to group undertakings

1,973,581

Newco UK (ESP) 2019 Limited

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

9. Taxation

1 July 2019
to
31 March
2020
£

Corporation tax

Group taxation relief

(205,726)

Total current tax

(205,726)

Factors affecting tax credit for the period

The tax assessed for the period is the same as the standard rate of corporation tax in the UK of 19.00%, as set out below:

1 July 2019
to
31 March
2020
£

Loss on ordinary activities before tax

(1,082,767)

Loss on ordinary activities multiplied by standard rate of corporation tax
in the UK of 19.00%

(205,726)

Effects of:

Group relief surrendered

205,726

Receipt for group relief

(205,726)

Total tax credit for the period

(205,726)

Newco UK (ESP) 2019 Limited

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

10. Fixed asset investments

	Investments in subsidiary Companies £
Cost	
Additions	50,941,419
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At 31 March 2020	50,941,419
	<hr/>
Net book value	
At 31 March 2020	50,941,419
	<hr/>

In July 2019, the company purchased 100% of the ordinary share capital of Diagonal Holdco, S.L.U for €14,945,000. Diagonal Holdco, S.L.U is incorporated in Spain and its principal activity is to act as a holding company. The registered address of Diagonal Holdco, S.L.U is: Avenida Diagonal, 20508018 Barcelona, Spain.

Subsequent to the initial investment, the company further increased its investment in Diagonal Holdco, S.L.U by €42,156,000.

The company also indirectly owns 100% of the ordinary share capital of Diagonal Bidco, S.L.U and Middlebury Invest, S.L.U, the principal activities of which are to act as a holding company and operate as a hotel respectively. Both companies are incorporated in Spain and have a registered address of Avenida Diagonal, 20508018 Barcelona, Spain.

11. Debtors

	31 March 2020 £
Amounts owed by group undertakings	24,211,063
Other amounts owed by group undertakings	205,726
VAT recoverable	7,543
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	24,424,332
	<hr/>

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

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

Newco UK (ESP) 2019 Limited

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

12. Creditors: Amounts falling due within one year

	31 March 2020 £
Trade creditors	23,348
Amounts owed to group undertakings	77,569,069
	<hr/>
	77,592,417
	<hr/>

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

13. Share capital

	31 March 2020 £
Allotted, called up and fully paid	
950 A Ordinary shares of £1 each	950
50 B Ordinary shares of £1 each	50
	<hr/>
	1,000
	<hr/>

On incorporation, the company issued 950 A Ordinary £1 shares and 50 B Ordinary shares at par.

As at 31 March 2020, 100% of the A Ordinary shares, representing 95% of the ordinary share capital, is held by Norlake Hospitality Limited. The remaining 5% of the ordinary share capital is represented by B Ordinary shares issued to a related party. The B Ordinary shares hold voting rights equivalent to 5% of the voting capital, but do not carry dividend rights. The rights of the B Ordinary shares are further set out in the Article of Association of the company available from Companies House.

14. Reserves

Share capital

Share capital represents the nominal value of the shares issued.

Accumulated losses

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

Newco UK (ESP) 2019 Limited

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

15. Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 102 Section 33 'Related party Disclosures' paragraph 33.1A not to disclose transactions with certain group companies on the grounds that 100% of the voting rights in these companies are controlled by the group.

At 31 March 2020 the company owed £77,569,069 to Norlake Hospitality Limited, the parent company. This amount was included within amounts owed to group undertakings due within one year at 31 March 2020. Interest of £1,973,581 was charged on this balance during the period.

At 31 March 2020, the company was owed £137,638 by Norlake Hospitality Limited in respect of group relief payments.

At 31 March 2020, the company was owed £66,088 by The Hoxton (Shoreditch) Limited, a fellow subsidiary, in respect of group relief payments.

The company is related to Ennismore International Management Limited ('Ennismore') by virtue of the fact that Ennismore is controlled by a director of the company. During the period, Ennismore charged the company £1,441,755 in respect of management and other services. At 31 March 2020 the company owed £nil to Ennismore in respect of these transactions. This amount is included in other creditors at both period ends.

16. Controlling party

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

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