

Company Registration No. 01958222

The Station Hotel (Newcastle) Limited

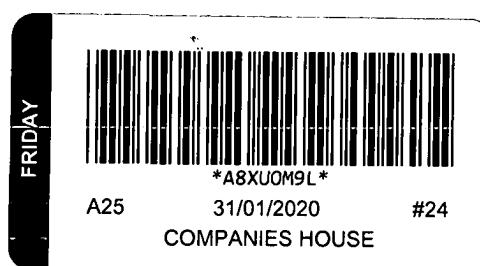
Annual Report and Financial Statements

For the year ended 30 April 2019

Parent company accounts:

Minhoco 24 Limited	09293113
Minhoco 27 Limited	09759483
Minhoco 30 Limited	09853579
Minhoco 35 Limited	10382013
Minhoco 40 Limited	10767780
Minhoco 41 Limited	10767707
Minhoco 42 Limited	11065088
Finhoco 1 Limited	11036850

(see Note 1)



The Station Hotel (Newcastle) Limited

Annual report and financial statements for the year ended 30 April 2019

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The Station Hotel (Newcastle) Limited

Annual report and financial statements for the year ended 30 April 2019

Officers and professional advisers

Directors

Aran Handa
Arvan Handa
Roshan Lal Handa

Company Secretary

Aran Handa

Registered Office

CHG House
31-40 West Parade
Newcastle-upon-Tyne
NE4 7LB

Bankers

HSBC Bank plc
110 Grey Street
Newcastle upon Tyne
NE1 6JG

Solicitor

Mincoffs Solicitors LLP
5 Osborne Terrace
Newcastle upon Tyne
NE2 1SQ

Auditor

Deloitte LLP
Statutory Auditor
Newcastle upon Tyne
United Kingdom

The Station Hotel (Newcastle) Limited

Strategic report

The directors present their annual report on the affairs of the Company and the Group, together with the financial statements and auditor's report for the year ended 30 April 2019. This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to the parent company and its subsidiary undertakings when viewed as a whole.

Principal activities

The principal activity of the Group is that of leisure property owners and operators.

The Group and Company purchase and develop a diverse portfolio of leisure properties, principally hotels, across the UK, re-investing profits to maintain and improve standards across the portfolio. This investment prioritises guest experience and staff, which creates and maintains long term shareholder value.

Review of the business and future developments

Overall, the directors are satisfied with the results for the year. The directors would like to take this opportunity to once again thank all of the employees of the Group for their dedication and hard work.

The primary focus of the Group is to ensure long term shareholder value is achieved. Following this strategy, profits are reinvested into the long term assets via ambitious repair and refurbishment programmes.

The results are based around a core of key high performing assets along with the ongoing investment programme that affects a number of properties each year. While a property's turnover and Earnings before Interest Tax, Depreciation and Amortisation ("EBITDA") is reduced during both the period of refurbishment and during the initial period of relaunch (which together can span more than one financial year), such investments yield medium and long term value. Further, the directors continue to look for new properties which will fit in to their existing portfolio.

EBITDA reduced by £2,461,000 (15%) to £13,677,000 from £16,138,000 in 2018. The year was challenging, with significant pressure on both sales and purchase pricing in the market. Pressure on key costs (including wages, food and beverage purchasing, and utilities) was significant, and could not always be passed on to customers. Further, investment into two significant flagship assets began in the period and continued post year end. Other works were also ongoing in the same period.

Strategic analysis of the business and the expectation of the coming years gave rise to the directors drawing updated conclusions on the residual values and useful economic life of recent significant refurbishments and re-branding projects. On average, both residual value and useful economic life is expected to be greater than per previous assessments. This has resulted in a reduction in depreciation of £2,418,000 in the year compared to previous useful assumptions (with no effect on EBITDA or cash). As these are changes in accounting estimates in the current year then no prior period adjustment is required.

Looking forward to the year ending 30 April 2020 and beyond, the investment in the two flagship assets is now almost complete. The directors do not expect to report any significant increases in both Group turnover and EBITDA in 2020 due to the timescale of these refurbishments, but do expect results to be significantly enhanced in future years. Other trading has continued to be challenging due to uncertainty in the macro economic environment.

The Group is financed by long term bank loans and an extended loan facility totaling £201m was agreed during the year, repayable in 2024, to both replace existing debt and also provide considerable acquisition and refurbishment facilities. Repayment profiles have once more been closely aligned to the Group's strategic goals in the coming years. The directors wish to thank HSBC Bank PLC for its continued support.

The Station Hotel (Newcastle) Limited

Strategic report (continued)

Key performance indicators

The directors' profit and loss key performance indicators ('KPIs') for the Group and Company are turnover and EBITDA. As shown in the Group profit and loss account on page 11, the Group's turnover has increased by £2,543,000 3% (2018: £25,837,000, 29.9%) from £93,919,000 in 2018 to £96,462,000 in 2019.

EBITDA of £13,677,000 was achieved (2018: £16,138,000, before impairment) which represents a 15% decrease. The reasons are included in the Strategic Report.

The Group balance sheet on page 11 shows the financial position at the year end. The directors consider net asset value, and bank debt as a percentage of the market value of property assets to be balance sheet KPI's. The Group's portfolio includes 27 (2018: 27) owned properties (either freehold or long leasehold), which are carried in its balance sheet at cost.

Using external valuation reports (unaudited), the directors estimate the total value of the Group's leisure property and development portfolio to be around £338.3 million (2018: £329.1m), which exceeds their balance sheet carrying value by £71.2 million (2018: £77.2m). On a pro forma basis, as at 30 April 2019, the Group's loan to value (LTV) ratio would be 49% (2018: 48%) and net assets would be £146 million (2018: £149.9m). The two significant flagship asset refurbishments almost completed after the year end have received indicative valuations resulted in a revised portfolio valuation of £371.6 million - an increase of £33.3 million compared to the year end.

The directors believe that the Group's accounting policy of carrying hotel properties at cost, and providing depreciation is conservative but appropriate.

Principal risks and uncertainties

The Group operates in a highly competitive market which could result in reduced occupancy and/or room tariffs, leading to lower turnover and/or reduced operating margins. The Group manages this risk by investing in its hotel facilities and providing value added services to its customers to help ensure that customer satisfaction is high. Furthermore, the Group's portfolio of assets is diverse: across different market segments and UK locations.

The UK was due to leave the European Union during the current financial year. It is currently uncertain as to whether this will happen, and the full impact on the Group. The directors expect market conditions to remain uncertain and this could be the case for a number of years. The repair and refurbishment programme is has been designed to be able to efficiently improve the business without placing undue strain on cash resources should market conditions remain the same or significantly deteriorate.

The Group is financed by a long term bank loan. The loan is set at variable rates and therefore the Group is exposed to adverse movements in interest rates. The low interest rate environment in the UK has been of advance to the Group for some years, with low interest rates expected to continue into the foreseeable future. The Group models cash flows prudently and makes contingency for interest rate and other cost increases when planning operations, acquisitions, and capital developments.

Approved by the Board of Directors
and signed on behalf of the Board:



Aran Handa
Director

31 January 2020

The Station Hotel (Newcastle) Limited

Directors' report

The directors present their annual report on the affairs of the Group and Company together with the financial statements and auditor's report for the year ended 30 April 2019.

Going Concern

The Group and Company is currently undertaking an investment programme, which includes the purchase of new hotels and the refurbishment of new and existing properties. Such investment involves unavoidable periods of reduced availability and occupancy at the hotels affected, which reduce earnings temporarily. To date, the Group has managed its investment programme within its existing financial covenants and, for the future, it has prepared trading and cash flow forecasts, which cover a period extending for more than twelve months from the date of approval of these financial statements. The forecasts show continuing compliance with relevant banking covenants.

The Group is financed by long term bank loans and a new loan facility of £201m was raised during the year, repayable in 2024, to both replace existing debt and also provide considerable acquisition and refurbishment facilities. Repayment profiles have once more been closely aligned to the Group's strategic goals in the coming years. The loans are at variable rates and therefore the Group is exposed to adverse movements in interest rates. The low interest rate environment in the UK has been of advantage to the Group for some years, with low interest rates expected to continue into the foreseeable future. The Group models cash flows prudently and makes contingency for interest rate and other cost increases when planning operations, acquisitions, and capital developments.

As a consequence, the directors believe that the Group and Company are well placed to manage their business risks and liquidity successfully within the current uncertain economic outlook. The directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Supplier payment policy

The Group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of those terms and abide by them. Operational creditors of the Group at 30 April 2019 were equivalent to 43 (2018: 49) days' purchases, based on the average daily amount invoiced by suppliers during the year.

Fixed assets

The Group spent £20,749,000 (2018: £13,438,000) during the year on the development of its new and existing hotels, together with other fixed asset additions. A summary of the movements on fixed assets is set out in note 9. The directors have considered the carrying value of fixed assets and concluded that no impairment is required.

Dividends and transfer to reserves

The directors do not recommend the payment of a dividend (2018: £nil). The profit for the year of £2,019,000 (2018: profit of £268,000) has been transferred to reserves.

Directors

The directors who served throughout the year and since were as follows:

Aran Handa
Arvan Handa
Roshan Lal Handa

The Station Hotel (Newcastle) Limited

Directors' report (continued)

Disabled employees

Job applications from disabled persons are always considered fairly and appointments made on the basis of their ability to do the job. Where employees become disabled in service, the Company and Group will seek to cater for their needs and aim to retain them in suitable employment. On a continuing basis a disabled employee will be included in the training, career development, and merit progression programmes and will be given opportunities for promotion along with all other employees.

Employee consultation

The Company is committed to regular communication and discussion with employees on those matters relating to their work and the Company's and Group's business progress. This is undertaken through a variety of formal and informal meetings between employees and supervisors.

The Company and Group also seeks to delegate and involve staff in discussions and decision making particularly in those areas to which they can contribute effectively so that all may participate in the efficient running of the Company.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

Cash flow risk

The Group's activities expose it primarily to the financial risks of changes in interest rates. The Group models expected future cash flows prudently to manage this risk.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparty is a bank with a high credit-rating assigned by international credit-rating agencies.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses debt finance.

Further details regarding liquidity risk can be found in Note 1 to the financial statements.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors, which were made during the year and remain in force at the date of this report.

Future developments and events after the balance sheet date

Details of future developments, including events after the balance sheet date can be found in the Strategic Report and form part of this report by cross-reference.

The Station Hotel (Newcastle) Limited

Directors' report (continued)

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Group and the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board:



Aran Handa
Director

31 January 2020

The Station Hotel (Newcastle) Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 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 and then apply them consistently;
- make judgments 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; and
- 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of The Station Hotel (Newcastle) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of The Station Hotel (Newcastle) Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 April 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Group profit and loss account;
- the Group and Company balance sheets;
- the Group and Company statements of changes in equity;
- the Group cash flow statement; and
- the related notes 1 to 23.

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).

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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

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.

Independent auditor's report to the members of The Station Hotel (Newcastle) Limited

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 respect of these matters.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group'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. 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of The Station Hotel (Newcastle) Limited

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.

Kate Darlison

Kate Darlison FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Newcastle Upon Tyne

United Kingdom

31 January 2020

The Station Hotel (Newcastle) Limited

Group profit and loss account For the year ended 30 April 2019

	Notes	2019 £'000	2018 £'000
Turnover	3	96,462	93,919
Cost of sales		(52,771)	(50,995)
Gross profit		43,691	42,924
Administrative expenses		(35,964)	(37,808)
Operating profit		7,727	5,116
Operating profit:			
Existing operations – before net impairment provision		7,727	6,275
Existing operations –exceptional fixed asset impairment provision		-	(1,159)
Operating profit		7,727	5,116
Finance charges (net)	4	(4,920)	(3,997)
Profit before taxation	5	2,807	1,119
Tax charge on profit	7	(788)	(851)
Profit for the financial year		2,019	268

All activities derive from continuing operations.

There are no comprehensive income items for the current and preceding financial years other than as stated in the profit and loss account. Accordingly no separate statement of comprehensive income has been presented.

The Station Hotel (Newcastle) Limited

Group balance sheet As at 30 April 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	9	267,060	251,943
Goodwill	10	3,345	3,796
		<u>270,405</u>	<u>255,739</u>
Current assets			
Stocks	12	517	562
Debtors	13	31,492	33,767
Cash at bank and in hand		2,410	3,752
		<u>34,419</u>	<u>38,081</u>
Creditors: amounts falling due within one year			
Trade creditors		(8,665)	(8,008)
Other creditors including taxation and social security	14	(10,917)	(11,973)
Bank loans	16	-	(158,615)
		<u>(19,582)</u>	<u>(178,596)</u>
Net current assets / (liabilities)		<u>14,837</u>	<u>(140,515)</u>
Total assets less current liabilities		<u>285,242</u>	<u>115,224</u>
Creditors: amounts falling due after more than one year	15	(167,392)	-
Provision for liabilities	17	(19,050)	(18,443)
Total net assets		<u>98,800</u>	<u>96,781</u>
Capital and reserves			
Called-up share capital	18	100	100
Profit and loss account	18	42,758	40,297
Revaluation reserve	18	55,942	56,384
Total shareholders' funds		<u>98,800</u>	<u>96,781</u>

The financial statements of The Station Hotel (Newcastle) Limited (registered number 01958222), were approved by the Board of Directors and authorised for issue on **31 January** 2020.

Signed on behalf of the Board of Directors



Aran Handa
Director

The Station Hotel (Newcastle) Limited

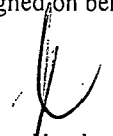
Company balance sheet As at 30 April 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	9	166,590	158,446
Goodwill	10	-	-
Investments	11	-	-
		<u>166,590</u>	<u>158,446</u>
Current assets			
Stocks	12	315	350
Debtors	13	112,439	114,185
Cash at bank and in hand		737	2,709
		<u>113,491</u>	<u>117,244</u>
Creditors: amounts falling due within one year			
Trade creditors		(5,731)	(3,107)
Other creditors including taxation and social security	14	(6,341)	(13,718)
Bank Loans	16	-	(158,615)
		<u>(12,072)</u>	<u>(175,440)</u>
Net current assets/(liabilities)		<u>101,419</u>	<u>(58,196)</u>
Total assets less current liabilities		<u>268,009</u>	<u>100,250</u>
Creditors: amounts falling due after more than one year	15	(167,392)	-
Provision for liabilities	17	(12,450)	(12,211)
Total net assets		<u>88,167</u>	<u>88,039</u>
Capital and reserves			
Called-up share capital	18	100	100
Profit and loss account	18	32,125	31,555
Revaluation reserve	18	55,942	56,384
Total shareholders' funds		<u>88,167</u>	<u>88,039</u>

The profit for the financial year of the Company was £128,000 (2018: loss £2,219,000).

The financial statements of The Station Hotel (Newcastle) Limited (registered number 01958222), were approved by the Board of Directors and authorised for issue on **31 January** 2020.

Signed on behalf of the Board of Directors


Aran Handa
Director

The Station Hotel (Newcastle) Limited

Group statement of changes in equity For the year ended 30 April 2019

	Called-up share capital	Revaluation reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000
At 1 May 2017	100	56,924	39,489	96,513
Profit for the financial year	-	-	268	268
Transfer of excess depreciation on deemed cost of tangible fixed assets	-	(675)	675	-
Transfer of deferred tax movement on deemed cost of tangible fixed assets	-	135	(135)	-
At 30 April 2018	100	56,384	40,297	96,781
Profit for the financial year	-	-	2,019	2,019
Transfer of excess depreciation on deemed cost of tangible fixed assets	-	(545)	545	-
Transfer of deferred tax movement on deemed cost of tangible fixed assets	-	103	(103)	-
At 30 April 2019	100	55,942	42,758	98,800

The revaluation reserve reflects all gains/losses arising on the revaluation of the Group's tangible fixed assets as at 1 May 2014, being the effective date for the adoption of FRS102.

The profit and loss accounts reserve reflects all other net gains and losses and transactions not recognised elsewhere.

The Station Hotel (Newcastle) Limited

Company statement of changes in equity For the year ended 30 April 2019

	Called-up share capital	Revaluation reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000
At 1 May 2017	100	56,924	33,234	90,258
Loss for the financial year	-	-	(2,219)	(2,219)
Transfer of excess depreciation on deemed cost of tangible fixed assets	-	(675)	675	-
Transfer of deferred tax movement on deemed cost of tangible fixed assets	-	135	(135)	-
At 30 April 2018	100	56,384	31,555	88,039
Profit for the financial year	-	-	128	128
Transfer of excess depreciation on deemed cost of tangible fixed assets	-	(545)	545	-
Transfer of deferred tax movement on deemed cost of tangible fixed assets	-	103	(103)	-
At 30 April 2019	100	55,942	32,125	88,167

The revaluation reserve reflects all gains/losses arising on the revaluation of the Group's tangible fixed assets as at 1 May 2014, being the effective date for the adoption of FRS102.

The profit and loss accounts reserve reflects all other net gains and losses and transactions not recognised elsewhere.

The Station Hotel (Newcastle) Limited

Group cash flow

For the year ended 30 April 2019

	Note	2019 £'000	2018 £'000
Net cash flows from operating activities	20	15,535	12,644
Cash flows from investing activities			
Purchase of tangible fixed assets		(20,749)	(13,438)
Proceeds from disposal of tangible fixed assets		16	-
Acquisition of subsidiary companies and business combinations		-	(6,948)
Net cash acquired in subsidiary companies		-	6
Current asset investments (note 19)		-	(24,000)
Net cash flows from investing activities		(20,733)	(44,380)
Cash flows from financing activities			
Interest paid		(4,921)	(3,997)
Restructure existing bank loans		8,777	37,183
Net cash flows from financing activities		3,856	33,186
Net (decrease)/increase in cash and cash equivalents		(1,342)	1,450
Cash and cash equivalents at beginning of year		3,752	2,302
Cash and cash equivalents at end of year		2,410	3,752

The Station Hotel (Newcastle) Limited

Notes to the financial statements (continued) For the year ended 30 April 2019

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year.

General information and basis of accounting

The Station Hotel (Newcastle) Limited is a Private Company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company and Group's operations and its principal activities are set out in the Strategic report on page 2.

The financial statements are prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of The Station Hotel (Newcastle) Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries for the financial year ended 30 April 2019.

The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Going Concern

The Group and Company is currently undertaking an investment programme, which includes the purchase of new hotels and the refurbishment of new and existing properties. Such investment involves unavoidable periods of reduced availability and occupancy at the hotels affected, which reduce earnings temporarily. To date, the Group has managed its investment programme within its existing financial covenants and, for the future, it has prepared trading and cash flow forecasts, which cover a period extending for more than twelve months from the date of approval of these financial statements. The forecasts show continuing compliance with relevant banking covenants.

The Group is financed by long term bank loans and a new loan facility of £201m was raised during the year, repayable in 2024, to both replace existing debt and also provide considerable acquisition and refurbishment facilities. Repayment profiles have once more been closely aligned to the Group's strategic goals in the coming years. The loans are at variable rates and therefore the Group is exposed to adverse movements in interest rates. The low interest rate environment in the UK has been of advantage to the Group for some years, with low interest rates expected to continue into the foreseeable future. The Group models cash flows prudently and makes contingency for interest rate and other cost increases when planning operations, acquisitions, and capital developments.

As a consequence, the directors believe that the Group and Company are well placed to manage their business risks and liquidity successfully within the current uncertain economic outlook. The directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Station Hotel (Newcastle) Limited

Notes to the financial statements (continued) For the year ended 30 April 2019

1. Accounting policies (continued)

Acquisitions

On the acquisition of a business, fair values are attributed to the share of net assets acquired. Where the cost of acquisition exceeds the values attributable to such net assets, the difference is treated as purchased goodwill and is capitalised in the year in which it arises and amortised over its estimated useful life up to a maximum of 20 years. The directors regard 10 years as a reasonable maximum for the estimated useful life of goodwill since the Company and Group is committed to ongoing refurbishment and rebranding of its hotels which generates internal goodwill and replaces acquired goodwill.

Turnover

Turnover is the amount derived from the provision of goods and services falling within the Group's ordinary activities during the period excluding discounts and value added tax. Turnover is recognised at the point of delivery for goods and services. All turnover originates in the United Kingdom.

Investments

Investments held as fixed assets are stated at cost less provision for any diminution in value.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less residual value, net of depreciation and any provision for impairment. Assets under construction are not depreciated.

For all other tangible assets depreciation is provided on cost in annual instalments over the estimated useful lives of the assets.

Strategic analysis of the business and the expectation of the coming years gave rise to the directors drawing updated conclusions on the residual values and useful economic life of recent significant refurbishments and re-branding projects. On average, both residual value and useful economic life is expected to be greater than per previous assessments. The revised useful economic lives have been reflected in the revised rates of depreciation in the current year.

The rates of depreciation are as follows:

Long leasehold land and buildings	- 1% straight line or life of lease
Freehold buildings	- 1% straight line
Fittings, furniture and equipment.	- Between 15% reducing balance and 30 years straight line
Motor vehicles	- 25% reducing balance

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. Freehold land is not depreciated.

The Station Hotel (Newcastle) Limited

Notes to the financial statements (continued) For the year ended 30 April 2019

1. Accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents direct material purchases. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

The Station Hotel (Newcastle) Limited

Notes to the financial statements (continued) For the year ended 30 April 2019

1. Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss. Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

The Station Hotel (Newcastle) Limited

Notes to the financial statements (continued) For the year ended 30 April 2019

1: Accounting policies (continued)

Financial instruments (continued)

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments

In the Company balance sheet, investments in subsidiaries are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

(iii) Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets:

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis. Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

Financial assets:

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date. Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

The Station Hotel (Newcastle) Limited

Notes to the financial statements (continued) For the year ended 30 April 2019

1. Accounting policies (continued)

Borrowing costs

Borrowing costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete

Investment in joint ventures

Investments in joint ventures and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in joint ventures and associated companies, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Pension costs

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group and Company. The annual contributions payable are charged to the profit and loss account as they become due.

Interest

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Parent Company Guarantee

For the year ending 30 April 2019 the following subsidiaries of the Company were entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies.

<i>Subsidiary Name</i>	<i>Companies House Registration Number</i>
Minhoco 24 Limited	09293113
Minhoco 27 Limited	09759483
Minhoco 30 Limited	09853579
Minhoco 35 Limited	10382013
Minhoco 40 Limited	10767780
Minhoco 41 Limited	10767707
Minhoco 42 Limited	11065088
Finhoco 1 Limited	11036850

The Station Hotel (Newcastle) Limited

Notes to the financial statements (continued) For the year ended 30 April 2019

2. Critical judgements in applying the Group's accounting policies

The directors' assessment is that there are no critical judgements, apart from those involving estimations (which are dealt with separately below), that have a significant effect on the amounts recognised in the financial statements.

Key source of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, 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.

Carrying value of tangible assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. In determining whether there are any indicators of impairment of the Company's tangible assets, factors that have been taken into consideration in reaching such a decision include the estimation of economic viability and expected future financial performance of the asset.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on valuation reports, major refurbishments and the physical condition of the assets. See note 9 for the carrying value of tangible assets and note 1 for the economic lives for each class of assets.

Provisions for taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The Group submits yearly UK Corporation Tax returns subsequent to the year end, containing the current best known position for deductions such as capital allowances. In subsequent years, more information may come to light in respect of these deductions (such as following the completion of a multi-period refurbishment) and therefore previous tax returns may be adjusted accordingly. In providing for current tax in the financial statements, the directors consider the most likely tax payments required in respect of the current year's taxable profit (and, if applicable, any amounts in respect of previous periods unpaid and interest thereon).

Deferred tax is provided using those assumptions as set out in the accounting policy thereon. Changes in these assumptions can give rise to a change in the estimation.

The Station Hotel (Newcastle) Limited

Notes to the financial statements (continued) For the year ended 30 April 2019

3. Turnover

An analysis of the Group's turnover by class of business is set out below.

	2019 £'000	2018 £'000
Turnover:		
Hospitality Revenue	96,050	93,323
Rental Income	412	596
	<u>96,462</u>	<u>93,919</u>

An analysis of the Group's turnover by geographical market is set out below.

	2019 £'000	2018 £'000
Turnover:		
United Kingdom	<u>96,462</u>	<u>93,919</u>

4. Finance charges (net)

	2019 £'000	2018 £'000
Bank loans, overdraft and similar charges	<u>(4,920)</u>	<u>(3,997)</u>
	<u>(4,920)</u>	<u>(3,997)</u>

The Station Hotel (Newcastle) Limited

Notes to the financial statements (continued) For the year ended 30 April 2019

5. Profit before taxation

Profit before taxation is stated after charging/ (crediting):

	2019 £'000	2018 £'000
Depreciation of tangible fixed assets – owned assets	5,499	9,171
Amortisation of intangible assets	451	562
Loss on disposal of fixed assets	117	130
Operating lease rentals – other	473	415
Exceptional fixed asset impairment provision	-	1,159
	<u> </u>	<u> </u>

The analysis of the auditor's remuneration is as follows:

	2019 £'000	2018 £'000
Fees payable to the Company's auditor and its associates for the audit of the company's annual financial statements	39	44
Total audit fees	<u>39</u>	<u>44</u>
Taxation compliance services	26	20
Other taxation advisory services	155	148
	<u>181</u>	<u>168</u>

6. Information regarding directors and employees

None of the directors received any remuneration in respect of services to the Group during the period (2018: Nil).

Employees

Average monthly number of persons (excluding directors) employed by the Group in the year:

	2019 No.	2018 No.
Hotel staff	1,398	1,475
Administration staff	70	59
	<u>1,468</u>	<u>1,534</u>

Staff costs incurred during the year in respect of those employees were:

	£'000	£'000
Wages and salaries	29,613	28,382
Social security costs	2,143	2,219
Pension costs	385	230
	<u>32,141</u>	<u>30,831</u>

The Station Hotel (Newcastle) Limited

Notes to the financial statements (continued) For the year ended 30 April 2019

7. Tax on profit

(a) Analysis of charge in year

	2019 £'000	2018 £'000
United Kingdom corporation tax		
Current tax	365	851
Adjustment in respect of prior years	(184)	(324)
Total current tax charge	181	527
Deferred tax		
Timing differences, origination and reversal	561	(291)
Adjustment in respect of prior years	105	622
Effect of change of tax rates	(59)	(7)
Total deferred tax charge	607	324
Tax charge for the year	788	851

(b) Factors affecting tax (credit)/charge for the current year

The tax assessed for the year is higher (2018: higher) than that resulting from applying the standard rate of corporation tax in the UK 19% (2018: 19%).

	2019 £'000	2018 £'000
Profit before tax	2,807	1,119
Tax at 19% (2018: 19%) thereon:	533	212
Effects of:		
Expenses not deductible for tax purposes	385	348
Non-taxable income	(11)	-
Deferred tax not recognised	19	-
Tax rate change	(59)	(7)
Adjustments in respect of prior years	(79)	298
Total tax charge for the year	788	851

Finance Act No.2 2015 included provisions to reduce the corporation tax to 19% with effect from 1 April 2017. The Finance Act 2016 introduced a further reduction in the main rate of corporation tax to 17% from 1 April 2020. These rates have been used when calculating the current and deferred tax balances. During the year commencing 1 May 2019, the net reversal of deferred tax assets/liabilities is expected to decrease the corporation tax charge for the year for the group by £804k. This is primarily due to the reversal of timing differences in relation to fixed assets.

There is no expiry date on timing differences, unused tax losses or tax credits.

The Station Hotel (Newcastle) Limited

Notes to the financial statements (continued) For the year ended 30 April 2019

8. Profit of parent Company

As permitted by Section 408 of the Companies Act, the profit and loss account of the parent Company is not presented as part of these financial statements. The parent Company's profit for the financial year amounted to £128,000 (2018: loss of £2,219,000).

9. Tangible fixed assets

Group	Long leasehold land and buildings £'000	Freehold land and buildings £'000	Fittings, furniture and equipment £'000	Motor vehicles £'000	Assets under construction £'000	Total £'000
Cost						
At 1 May 2018	107,906	115,464	68,974	224	3,098	295,666
Additions	1,165	551	2,122	207	16,704	20,749
Transfers	-	-	1,996	-	(1,996)	-
Disposals	-	-	(2,770)	(42)	-	(2,812)
At 30 April 2019	109,071	116,015	70,322	389	17,806	313,603
Accumulated depreciation						
At 1 May 2018	12,525	5,038	26,086	74	-	43,723
Charge for the year	1,041	137	4,236	85	-	5,499
Disposals	-	-	(2,657)	(22)	-	(2,679)
At 30 April 2018	13,566	5,175	27,665	137	-	46,543
Net book value						
At 30 April 2019	95,505	110,840	42,657	252	17,806	267,060
At 30 April 2018	95,381	110,426	42,888	150	3,098	251,943

During the year the Group reviewed the useful economic life of certain assets included within Fittings, Furniture, and Equipment (for more details see Note 1). Depreciation above has been re-calculated on the revised useful economic life attributable to these assets and has resulted in a reduction of £2,418,000 in the year compared with the historical basis of depreciation.

The annual review of residual values carried out at the Balance Sheet resulted in a reduction of freehold land and buildings depreciation of £782,000 in the year compared to the charge based on previous values.

The Station Hotel (Newcastle) Limited

Notes to the financial statements (continued) For the year ended 30 April 2019

9. Tangible fixed assets (continued)

Company	Long leasehold land and buildings £'000	Freehold land and buildings £'000	Fittings, furniture and equipment £'000	Motor vehicles £'000	Assets under construction £'000	Total £'000
Cost						
At 1 May 2018	71,133	59,020	58,183	210	1,854	190,400
Additions	1,165	585	1,647	207	8,633	12,237
Transfers	-	-	1,399	-	(1,399)	-
Disposals	-	-	(2,588)	(42)	-	(2,630)
At 30 April 2019	72,298	59,605	58,641	375	9,088	200,007
Accumulated depreciation						
At 1 May 2018	2,686	4,600	24,603	65	-	31,954
Charge for the year	845	64	3,081	83	-	4,073
Disposals	-	-	(2,588)	(22)	-	(2,610)
At 30 April 2019	3,531	4,664	25,096	126	-	33,417
Net book value						
At 30 April 2019	68,767	54,941	33,545	249	9,088	166,590
At 30 April 2018	68,447	54,420	33,580	145	1,854	158,446

During the year the Group reviewed the useful economic life of certain assets included within Fittings, Furniture, and Equipment (for more details see Note 1). Depreciation above has been re-calculated on the revised useful economic life attributable to these assets and has resulted in a reduction of £2,596,000 in the year compared with the historical basis of depreciation.

The annual review of residual values carried out at the Balance Sheet resulted in a reduction of freehold land and buildings depreciation of £428,000 in the year compared to the charge based on previous values.

10. Intangible fixed assets

	Group Goodwill £'000's	Company Goodwill £'000's
Cost		
At 1 May 2018 and 30 April 2019	4,751	285
Amortisation		
At 1 May 2018	955	285
Charge for the year	451	-
At 30 April 2019	1,406	285
Net book value		
At 30 April 2019	3,345	-
At 30 April 2018	3,796	-

The Station Hotel (Newcastle) Limited

Notes to the financial statements (continued) For the year ended 30 April 2019

11. Investments held as fixed assets

£'000

Cost and net book value
At 1 May 2018 and 30 April 2019

The above relates to an investment in the following unlisted companies:

Company name	Country of incorporation	Activity	Holding
Minhoco 24 Limited	England	Hotel owner and operator	100%
Minhoco 27 Limited	England	Hotel owner and operator	100%
Minhoco 30 Limited	England	Hotel owner and operator	100%
Minhoco 35 Limited	England	Hotel owner and operator	100%
Minhoco 40 Limited	England	Hotel owner and operator	100%
Minhoco 41 Limited	England	Hotel owner and operator	100%
Minhoco 42 Limited	England	Hotel owner and operator	100%
Finhoco 1 Limited	England	Treasury Manager	100%

All shareholdings relate to the relevant company's issued ordinary share capital.

The registered address of each of the subsidiary entities is CHG House, 31-40 West Parade, Newcastle-upon-Tyne, NE4 7LB.

During the prior period, Minhoco 42 Limited purchased 50% of the ordinary share capital of Dominvs Project Company 9 Limited, for £1.

12. Stocks

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Goods for resale	517	562	315	350

The Station Hotel (Newcastle) Limited

Notes to the financial statements (continued) For the year ended 30 April 2019

13. Debtors

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Amounts falling due within 1 year:				
Trade debtors	2,097	2,654	1,025	1,152
Other debtors and prepayments	4,003	4,456	2,330	3,084
Amounts owed by related undertakings	1,392	2,657	1,383	2,657
	<u>7,492</u>	<u>9,767</u>	<u>4,738</u>	<u>6,893</u>
Amounts falling due after more than one year:				
Amounts owed by subsidiary undertakings	-	-	107,701	107,290
Amounts owed by related undertakings (note 19)	24,000	24,000	-	-
	<u>31,492</u>	<u>33,767</u>	<u>112,439</u>	<u>114,183</u>

Revised intercompany loan agreements were signed on 30 April 2019 under which The Station Hotel (Newcastle) Limited agreed not to call the loan for a period of 12 months from the balance sheet date. A fixed interest rate of 2% (2018: 2%) above LIBOR is charged on the amounts owed by group undertakings.

Details of the terms associated with related undertaking debtors are disclosed in note 19.

14. Other creditors including taxation and social security

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Amounts owed to subsidiary undertakings	-	-	627	5,269
Corporation tax	981	1,290	722	966
Other taxation and social security	2,929	4,088	1,264	2,497
Other creditors	4,128	252	1,789	237
Accruals and deferred income	2,879	6,343	1,939	4,749
	<u>10,917</u>	<u>11,973</u>	<u>6,341</u>	<u>13,718</u>

15. Creditors: amounts falling due after more than one year

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Bank loans (note 16)	167,392	-	167,392	-
	<u>167,392</u>	<u>-</u>	<u>167,392</u>	<u>-</u>

The Station Hotel (Newcastle) Limited

Notes to the financial statements (continued) For the year ended 30 April 2019

16. Borrowings

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Bank loans				
Due within one year	-	158,615	-	158,615
Due after more than one year	167,392	-	167,392	-
	<u>167,392</u>	<u>158,615</u>	<u>167,392</u>	<u>158,615</u>
Analysis of loan repayments:				
Within one year or on demand	-	158,615	-	158,615
Between one and two years	-	-	-	-
Between two and five years	21,100	-	21,100	-
After five years	146,292	-	146,292	-
	<u>167,392</u>	<u>158,615</u>	<u>167,392</u>	<u>158,615</u>

During the year the Group and Company refinanced its loan facilities. The new bank loan is secured by legal charges and mortgages over the freehold and leasehold properties of the Group and by a fixed and floating charge over its assets and undertakings.

The bank loan is repayable in 2024 and is subject to a variable interest rate.

17. Provision for liabilities

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Deferred taxation				
Movement in year				
At start of year	18,443	18,119	12,211	12,616
Charge/(credit) to profit and loss account	607	324	239	(405)
At end of year	<u>19,050</u>	<u>18,443</u>	<u>12,450</u>	<u>12,211</u>

An analysis of the deferred tax balance is as follows:

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Fixed asset timing differences	18,514	17,915	11,898	11,657
STTDs – trading	(42)	(34)	(26)	(24)
STTDs – non trading	578	578	578	578
Losses	-	(16)	-	-
	<u>19,050</u>	<u>18,443</u>	<u>12,450</u>	<u>12,211</u>

The Station Hotel (Newcastle) Limited

Notes to the financial statements (continued) For the year ended 30 April 2019

18. Called-up share capital

	Number of shares	2019 £'000	Number of shares	2018 £'000
Called-up, allotted and fully paid				
Ordinary shares of £1 each	100,000	100	100,000	100

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

The revaluation reserve represents the effect of the one-off revaluation of tangible fixed assets upon transition to FRS 102.

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

19. Related party transactions

a) CHG (Newcastle) Limited ("CHG")

The directors have a controlling interest in CHG.

There is one lease agreement and two management agreements with CHG relating to the operation of hotels and the hire of assets owned by CHG. Annual payments are due under this agreement of £362,000.

During the year the Group made a payment to CHG of £750,000 for management fees and will make an annual payment in future years.

Debtors include balances amounting to £467,000 (2018: £1,730,000). These are interest free and will not be called within one year if it were to have an adverse effect upon the company.

b) Popular Care Limited

The directors have a controlling interest in the above Company.

Debtors include balances amounting to £580,000 (2018: £580,000). These are interest free and will not be called within one year if it were to have an adverse effect upon the company.

c) Minhoco 34 Limited

Close family members of the directors have a controlling interest in the above Company.

Debtors include balances amounting to £336,000 (2018: £340,000). During the year the Group made payments and was reimbursed for expenses paid for the above Company. These balances are interest free and will not be called within one year if it were to have an adverse effect upon the company.

d) Dominvs Project Company 9 Limited ("DPC9")

During the previous year, the Group loaned £24,000,000 to DPC9, in which the Group has a 50% interest. The loan does not attract interest, and is repayable in more than one year.

At the balance sheet date, DPC9 had incurred cumulative losses of £73,000

The Station Hotel (Newcastle) Limited

Notes to the financial statements (continued) For the year ended 30 April 2019

20. Reconciliation of operating profit to net cash inflow from operating activities

	2019 £'000	2018 £'000
Operating profit	7,727	6,275
Amortisation of intangible assets	451	562
Depreciation of tangible assets	5,499	9,171
Fixed Asset impairment	-	1,159
Loss on disposal of tangible fixed assets	117	130
Decrease/(increase) in stock	45	(59)
Decrease/(increase) in debtors	2,276	(5,303)
(Decrease)/increase in creditors	(91)	1,602
Taxation paid	(489)	(893)
Net cash inflow from operating activities	15,535	12,644

21. Non cash transactions

There are no significant non cash transactions in the current year (prior year: £nil).

22. Financial instruments

The carrying values of the Group's financial assets and liabilities are summarised by category below:

	2019 £'000	2018 £'000
Financial assets		
Measured at undiscounted amount receivable		
• Trade and other debtors (see note 13)	31,492	33,767
Financial liabilities		
Measured at amortised cost		
• Loans payable (see note 16)	167,392	158,615
Measured at undiscounted amount payable		
• Trade and other creditors (see note 14)	15,672	14,601

The comparative figure has been amended to reflect the current measurement criteria.

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	2019 £'000	2018 £'000
Interest income and expense		
Total interest expense for financial liabilities at amortised cost	(4,920)	(3,997)
	(4,920)	(3,997)

23. Ultimate controlling party

The directors are considered to be the ultimate controlling parties of the Company and the Group by virtue of their shareholdings and ability to act in concert in respect of the operational and financial policies of the Company.

