Norfolk Capital Group Limited

Annual report and
financial statements

Year ended 31 December 2018

Company registration number: 00414351

Norfolk Capital Group Limited

Annual report and financial statements

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Norfolk Capital Group Limited

Directors and other information

Directors	C Kula J Braidley
Registered office	Queens Court 9-17 Eastern Road Romford Essex RM1 3NG
Auditor	KPMG The Soloist Building 1 Lanyon Place Belfast BT1 3LP
Registered number	00414351

Norfolk Capital Group Limited

Directors' report

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

Principal activity

The Company's principal activity is that of a holding company.

The directors do not envisage any change in the activity of the Company in the foreseeable future.

Review of the business

The Company did not trade during the current or prior year.

Dividends

No dividends were paid in the year (*2017: £Nil*).

Directors

The directors who held office during the year were as follows:

J Braidley
C Kula

Political contributions

The Company made no political donations nor incurred any political expenditure during the year *(2017: £Nil)*.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Small companies exemption

In preparing the directors' report, the directors have taken the small companies exemption under Section 414 (B) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 not to prepare a strategic report for presentation with these financial statements.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG will therefore continue in office.

On behalf of the board

Queens Court
9-17 Eastern Road
Romford
Essex
RM1 3NG

C Kula
Director

26 June 2019

Norfolk Capital Group Limited

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and 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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and applicable law.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal controls as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of the board

C Kula
Director

26 June 2019

KPMG

KPMG
Audit
The Soloist Building
1 Lanyon Place
Belfast BT1 3LP
Northern Ireland

Independent auditor's report to the members of Norfolk Capital Group Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Norfolk Capital Group Limited ('the Company') for the year ended 31 December 2018 which comprise the statement of profit and loss and other comprehensive income, the statement of financial position and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is UK Law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its result for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been properly 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 ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (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.

We have nothing to report on going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

KPMG

Independent auditor's report to the members of Norfolk Capital Group Limited
(continued)

Report on the audit of the financial statements *(continued)*

Other information

The directors are responsible for the other information presented in the annual report together with the financial statements. The other information comprises the information included in the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statement audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

KPMG

Independent auditor's report to the members of Norfolk Capital Group Limited
(continued)

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they 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 fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

Our 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.

26 June 2019

Colm O'Sé (Senior Statutory Auditor)
for and on behalf of KPMG, Statutory Auditor
The Soloist Building
1 Lanyon Place
Belfast
BT1 3LP

Norfolk Capital Group Limited

Statement of profit and loss and other comprehensive income
for the year ended 31 December 2018

During the financial year and the preceding financial year, the Company has not traded and has received no income and incurred no expenditure. Consequently, during these years the Company made neither a profit nor a loss. The opening and closing balance on the cumulative profit and loss account accordingly remains at £(1,777)k.

Additionally, the Company had no other comprehensive income nor any cash flows during this period and accordingly no statement of changes in equity or cash flow statement is presented.

The notes on pages 9 to 15 form an integral part of these financial statements.

Norfolk Capital Group Limited

Statement of financial position
as at 31 December 2018

	Note	**2018** **£'000**	2017 £'000
Assets			
Non-current assets			
Investments	*5*	**12,136**	12,136
Total non-current assets		**12,136**	12,136
Current assets			
Trade and other receivables	*6*	**6,777**	6,777
Total current assets		**6,777**	6,777
Total assets		**18,913**	18,913
Equity			
Share capital	*7*	**20,690**	20,690
Retained earnings		**(1,777)**	(1,777)
Total equity		**18,913**	18,913

These financial statements were approved by the board of directors on 26 June 2019 and signed on its behalf by:

C Kula
Director

Company registration number: 00414351

The notes on pages 9 to 15 form an integral part of these financial statements.

1 Accounting policies

Norfolk Capital Group Limited ("the Company") is a private company incorporated, domiciled and registered in the United Kingdom. The registered number is 00414351 and the registered address is Queens Court, 9-17 Eastern Road, Romford, Essex, RM1 3NG.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRS").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

These financial statements are presented in sterling which is the Company's functional currency.

1.1 Newly adopted standards

The following standards were effective for the Company for the first time from 1 January 2018 and have been adopted in these financial statements:

- IFRS 9: *Financial Instruments*
- IFRS 15: *Revenue from Contracts with Customers*

The directors have considered the new standards and determined that, given the status of the Company, they have had no material impact on the financial statements and no restatement of comparatives is required.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis.

1.3 Going concern

The Company did not trade during the year. The Company is in a net asset position and as such, the directors believe that the Company is well placed to manage its business risks successfully.

Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.4 Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at transaction price.

1 Accounting policies *(continued)*

1.4 Financial instruments *(continued)*

Financial assets

(a) Classification
On initial recognition, a financial asset is classified as measured at: (i) amortised cost; (ii) FVOCI – debt investment; (iii) FVOCI – equity investment; or (iv) FVTPL.

Financial assets are not reclassified subsequent to initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

(b) Subsequent measurement and gains and losses
Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

1 Accounting policies *(continued)*

1.4 Financial instruments *(continued)*

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is held-for-trading, is a derivative or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value with net gains and losses, including any interest expense, recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Intra-group financial instruments
Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such times as it becomes probable that the Company will be required to make a payment under the guarantee.

(ii) Impairment

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECLs.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, including forward-looking information.

1 Accounting policies *(continued)*

1.4 Financial instruments *(continued)*

(ii) Impairment *(continued)*

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

1.5 Investment in subsidiary undertakings

Investments in subsidiary undertakings that had been revalued on or prior to 1 January 2015, are measured on the basis of deemed cost, being the revalued amount at the date of transition, less any impairment.

1 Accounting policies *(continued)*

1.6 Adopted IFRS not yet applied

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU.

The following standards have been reviewed by the directors and given consideration as to their impact on the Company's financial statements in the period of initial application:

- IFRS 16: Leases (effective 1 January 2019)
- Annual Improvements to IFRS 2014-2016 Cycle – Amendments to IFRS 1 and IAS 28
- IFRS 17: Insurance Contracts
- IFRIC 23: Uncertainty over Income Tax Treatment
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to References to the Conceptual Framework in IFRS Standards
- Annual Improvements to IFRS Standards 2015-2017 Cycle

The directors have considered the new standards and have determined that, given the status of the Company, they are unlikely to have a material impact on the financial statements in future years.

2 Auditor remuneration

Auditor remuneration is borne by Bryant Park Hospitality UK Limited, a fellow group undertaking.

3 Staff numbers and costs

The Company had no employees during the year *(2017: Nil)*.

4 Directors' remuneration

The directors did not receive any emoluments for services provided to the Company during the year *(2017: £Nil)*.

5 Investment in subsidiary undertakings

	2018	2017
	£'000	£'000
At 31 December	**12,136**	12,136

The following are subsidiary undertakings of the Company:

Name	**Country of incorporation**	**Class and percentage of shares held**	**Principal activity**
Norfolk Capital Hotels Limited	United Kingdom	100% of ordinary shares	Hotelier*/ Holding Company
Norfolk Capital Hotels (Southern) Limited	United Kingdom	100% of ordinary shares	Dormant

The registered office address for subsidiary undertakings is Queens Court, 9-17 Eastern Road, Romford, Essex, RM1 3NG.

**No hotel trade subsequent to property sale in May 2017*

6 Trade and other receivables

	2018	2017
	£'000	£'000
Amounts owed by group undertakings	**6,777**	6,777

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

7 Capital and reserves

	2018	2017
	£'000	£'000
Allotted, called up and fully paid		
413,801,473 ordinary shares of £0.05 each	**20,690**	20,690
Shares classified in shareholders' funds	**20,690**	20,690

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

8 Contingencies

The Company is party to a composite guarantee provided to Deutsche Bank AG in connection with loans held by BPH Regional Hospitality Group Limited and BPH Subholdco Limited which at 31 December 2018 amounted to £45,870,000 *(2017: £45,870,000)* and £275,015,878 *(2017: £277,513,500)* respectively. Deutsche Bank AG holds a fixed charge over the Company's assets, together with those of certain other group undertakings, in this regard.

9 Related party transactions

There were no related party transactions during the current and prior year.

Remuneration of key management

Key management is defined as the directors of the Company, in addition to the senior management team of Valor Hospitality Europe Limited, the appointed asset manager of the Bryant Park Hospitality Group.

Details of remuneration paid are outlined in note 4 above. Fees payable to Valor Hospitality Europe Limited are borne by Bryant Park Hospitality UK Limited, a fellow group undertaking.

10 Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is BPH Finance Number 1 Limited, a company incorporated in the United Kingdom. BPH Finance Number 1 Limited is a wholly owned subsidiary of BPH Subholdco Limited which in turn is a wholly owned subsidiary of BPH Holdco Limited, itself a wholly owned subsidiary of BPH Regional Hospitality Group Limited, all of which are incorporated in the United Kingdom. The issued share capital of BPH Regional Hospitality Group Limited is owned in full by Bryant Park Hospitality Limited, a company incorporated in the Cayman Islands. The share capital of Bryant Park Hospitality Limited is indirectly owned by Maples and Calder who hold the shares issued in trust for charitable purposes.

The ultimate controlling parties are Marathon European CRE Opportunity Fund and Marathon European Credit Opportunity Fund II.

The largest group in which the results of the Company are consolidated is that headed by Bryant Park Hospitality Limited. The consolidated financial statements of this group are not available to the public.

The smallest group in which they are consolidated is that headed by BPH Regional Hospitality Group Limited. The consolidated financial statements of this group are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

11 Subsequent events

There were no significant events subsequent to the reporting date.