

**Registered number: 09300948 (England  
and Wales)**

**SOF-10 STARLIGHT 12 OPERATIONS  
LIMITED**

**ANNUAL REPORT AND FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER  
2020**



**LUBBOCK FINE LLP  
Chartered Accountants  
Paternoster House  
65 St Paul's Churchyard  
London EC4M 8AB**

**SOF-10 STARLIGHT 12 OPERATIONS LIMITED**

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**SOF-10 STARLIGHT 12 OPERATIONS LIMITED**

**COMPANY INFORMATION**

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|                             |   |
|-----------------------------|---|
| <b>Directors</b>            | Mr J C Bradshaw<br>Mr N M Chadwick  |
| <b>Company secretary</b>    | London Registrars Ltd   |
| <b>Registered number</b>    | 09300948  |
| <b>Registered office</b>    | One Eagle Place<br>St James's<br>London<br>United Kingdom<br>SW1Y 6AF   |
| <b>Independent auditors</b> | Deloitte LLP<br>Statutory Auditor<br>London<br>United Kingdom   |
| <b>Accountants</b>          | Lubbock Fine LLP<br>Chartered Accountants<br>Paternoster House<br>65 St Paul's Churchyard<br>London<br>United Kingdom<br>EC4M 8AB |
| <b>Bankers</b>              | Wells Fargo Bank<br>1 Plantation Place<br>30 Fenchurch Street<br>London<br>EC3M 3BD   |

## **SOF-10 STARLIGHT 12 OPERATIONS LIMITED**

### **DIRECTORS' REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present their report and the financial statements for the year ended 31 December 2020.

#### **Principal activity**

The principal activity of the company continued to be that of the running of an aparthotels business on Warwick Road, W2, London.

#### **Directors**

The directors who served during the year and up to the date of signing were:

Mr J C Bradshaw  
Mr N M Chadwick  
Ms S Broughton (resigned 29 October 2020)

#### **COVID-19**

On 11 March 2020, the World Health Organisation declared the novel strain of Coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. This has resulted in a significant decrease in turnover and profits following temporary closure of the company's hotel between 23 March 2020 and 4 July 2020, on the guidance of the UK Government. This may have caused a reduction in the value of the company's tangible fixed assets in 2020, but the directors believe that there is no impairment to their book value. Revenue between the balance sheet date and the signing of the accounts has continued to be materially below pre-COVID-19 levels. This is a fast moving situation and the overall impact on the hotel and travel industry, and the economy is still unclear. If the hotel and travel industry and/or the overall economy are impacted for an extended period, the company's profits may be further materially adversely affected. This may cause a reduction in the value of the company's assets in 2021.

#### **Going concern**

The directors believe it is appropriate to prepare the financial statements on a going concern basis, which assumes that the company will continue in operational existence for the foreseeable future and for at least the next 12 months, subject to the material uncertainty as disclosed below.

In formulating this assessment, the directors have taken into consideration the potential impact of the current global COVID-19 pandemic upon the company and have carried out forecasts which indicate that the company should be able to continue as a financial and operational going concern. The lender has remained supportive, deferring scheduled loan repayment instalments until March 2022 to preserve liquidity in the company and waiving certain loan covenants until the second half of 2021. The directors' assessment includes measures announced by the UK Government to support businesses during the COVID-19 pandemic, including business rates relief, the job retention scheme and reduced VAT on hospitality sales. These measures and a forecasted increase in demand for travel during 2021 result in the company forecasting positive cash flows in the second half of 2021 and into 2022. Based on the liquidity position at the time of signing the accounts the company is not forecasting to require additional financial support from the Parent company.

The directors' assessment assumes that in the event that the recovery in demand is slower and the liquidity position of the company deteriorates to the point that additional financial support is required from the company's parent company that it will be provided. While the directors believe this support will be provided there is no legally binding obligation as at the date of signing the accounts. The directors have also assumed in their assessment that the bank loan totalling £58,820,533, which is due for repayment in March 2022, will be refinanced, however there is no guarantee of this as at the date of signing these financial statements.

**SOF-10 STARLIGHT 12 OPERATIONS LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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The extent of the impact of the COVID-19 outbreak on the company's ability to continue as a going concern will depend on future developments, including the rollout of vaccinations, the occurrence of new variants, the duration and spread of the outbreak, related advice and restrictions, the impact of COVID-19 on the hotel and travel industry and the overall economy, all of which are highly uncertain and cannot be predicted with any certainty at this point in time. In the event of greater COVID-19 disruption, the directors would seek, and believe that the company would have the ability to raise additional finance from its investors if required although there can be no certainty about this.

The directors believe it is appropriate to prepare the financial statements on a going concern basis, which assumes that the company will continue in operational existence for the foreseeable future and for at least the next 12 months, however there is a material uncertainty based on the above matters that may cast significant doubt on the company's ability to continue as a going concern, such that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

**Disclosure of information to auditors**

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

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

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

**Auditors**

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

**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

No strategic report has been prepared as the company is a small company and as such the small companies exemption S414B of the Companies Act 2006 applies.

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

*Nicholas Chadwick*

.....  
**Mr N M Chadwick**  
Director

Date: 28 June 2021

**SOF-10 STARLIGHT 12 OPERATIONS LIMITED**

**DIRECTORS' RESPONSIBILITIES STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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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 judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

## **SOF-10 STARLIGHT 12 OPERATIONS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOF-10 STARLIGHT 12 OPERATIONS LIMITED**

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#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of SOF-10 Starlight 12 Operations Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss 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 statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 19.

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 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.

##### **Material uncertainty related to going concern**

We draw attention to note 2.2 in the financial statements, which indicates that the impact of COVID 19 on the hotel and travel industry and overall economy are highly uncertain. Additional financial support may be required and refinancing of the bank loan which is due for repayment in March 2022. There is no certainty about these at the date of signing the financial statements. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **SOF-10 STARLIGHT 12 OPERATIONS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOF-10 STARLIGHT 12 OPERATIONS LIMITED (CONTINUED)**

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#### **Other information**

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Responsibilities of directors**

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.



## **SOF-10 STARLIGHT 12 OPERATIONS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOF-10 STARLIGHT 12 OPERATIONS LIMITED (CONTINUED)**

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We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team, including relevant internal specialists such as tax and industry specialists, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Inappropriate manual adjustments posted to revenue was identified as our pinpointed fraud risk. A reconciliation between the hotel revenue system and the general ledger was performed to address this, and any ledger-only postings tested.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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

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

## **SOF-10 STARLIGHT 12 OPERATIONS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOF-10 STARLIGHT 12 OPERATIONS LIMITED (CONTINUED)**

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#### **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, 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report and from the requirement to prepare a strategic report;

We have nothing to report in respect of these matters.

#### **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.

DocuSigned by:

  
5F0ED5A67168418...

Timothy Steel (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom

29 June 2021 | 08:57:53 BST

**SOF-10 STARLIGHT 12 OPERATIONS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

|   | <b>Note</b> | <b>2020<br/>£</b>          | <b>2019<br/>£</b>         |
|---|-------------|----------------------------|---------------------------|
| Turnover  |             | 3,802,202                  | 15,416,839                |
| Cost of sales                                   |             | (2,112,588)                | (5,037,551)               |
| <b>Gross profit</b>                             |             | <u>1,689,614</u>           | <u>10,379,288</u>         |
| Administrative expenses                         |             | (4,493,146)                | (8,656,912)               |
| Other income                                    | 4           | 216,760                    | -                         |
| <b>Operating (loss)/profit</b>                  | 4           | <u>(2,586,772)</u>         | <u>1,722,376</u>          |
| Interest payable and expenses                   | 7           | (8,031,802)                | (4,155,426)               |
| Interest receivable and similar income          |             | 71,166                     | 125,032                   |
| <b>Loss before tax</b>                          |             | <u>(10,547,408)</u>        | <u>(2,308,018)</u>        |
| Tax on loss                                     | 8           | 125,591                    | 157,606                   |
| <b>Loss for the financial year</b>              |             | <u><u>(10,421,817)</u></u> | <u><u>(2,150,412)</u></u> |
| <b>Total comprehensive expense for the year</b> |             | <u><u>(10,421,817)</u></u> | <u><u>(2,150,412)</u></u> |

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2019:£NIL).

The above results are from continuing activities.

The notes on pages 12 to 26 form part of these financial statements.

**SOF-10 STARLIGHT 12 OPERATIONS LIMITED****REGISTERED NUMBER:09300948****BALANCE SHEET****AS AT 31 DECEMBER 2020**

|   | <b>Note</b> | <b>2020<br/>£</b>         | <b>2019<br/>£</b>       |
|---|-------------|---------------------------|-------------------------|
| <b>Fixed assets</b>                                     |             |                           |                         |
| Intangible assets                                       | 9           | 963,215                   | 1,201,041               |
| Tangible assets   | 10          | 127,739,487               | 130,534,728             |
|   |             | <u>128,702,702</u>        | <u>131,735,769</u>      |
| <b>Current assets</b>                                   |             |                           |                         |
| Stocks  |             | 4,198                     | 3,445                   |
| Debtors: amounts falling due within one year            | 11          | 779,385                   | 827,755                 |
| Cash at bank and in hand                                |             | 440,447                   | 2,913,187               |
|   |             | <u>1,224,030</u>          | <u>3,744,387</u>        |
| Creditors: amounts falling due within one year          | 12          | (1,689,179)               | (61,241,801)            |
| <b>Net current liabilities</b>                          |             | <u>(465,149)</u>          | <u>(57,497,414)</u>     |
| <b>Total assets less current liabilities</b>            |             | <u>128,237,553</u>        | <u>74,238,355</u>       |
| Creditors: amounts falling due after more than one year | 13          | (131,631,879)             | (67,085,273)            |
| <b>Provisions for liabilities</b>                       |             |                           |                         |
| Deferred tax  | 16          | (1,071,031)               | (1,196,622)             |
|   |             | <u>(1,071,031)</u>        | <u>(1,196,622)</u>      |
| <b>Net (liabilities)/assets</b>                         |             | <u><u>(4,465,357)</u></u> | <u><u>5,956,460</u></u> |
| <b>Capital and reserves</b>                             |             |                           |                         |
| Called up share capital                                 | 17          | 1                         | 1                       |
| Share premium account                                   |             | 22,843,056                | 22,843,056              |
| Other reserves  |             | 2,670,436                 | 2,670,436               |
| Profit and loss account                                 |             | (29,978,850)              | (19,557,033)            |
|   |             | <u><u>(4,465,357)</u></u> | <u><u>5,956,460</u></u> |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

*Nicholas Chadwick*

.....  
**Mr N M Chadwick**  
Director

Date: 28 June 2021

The notes on pages 12 to 26 form part of these financial statements.

**SOF-10 STARLIGHT 12 OPERATIONS LIMITED****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2020**

|                                     | <b>Called up<br/>share capital</b> | <b>Share<br/>premium<br/>account</b> | <b>Other<br/>reserves</b> | <b>Profit and<br/>loss account</b> | <b>Total equity</b> |
|-------------------------------------|------------------------------------|--------------------------------------|---------------------------|------------------------------------|---------------------|
|                                     | <b>£</b>                           | <b>£</b>                             | <b>£</b>                  | <b>£</b>                           | <b>£</b>            |
| <b>Balance at 1 January 2019</b>    | 1                                  | -                                    | 1,577,680                 | (17,406,621)                       | (15,828,940)        |
| <b>Year ended 31 December 2019:</b> |                                    |                                      |                           |                                    |                     |
| Loss for the year                   | -                                  | -                                    | -                         | (2,150,412)                        | (2,150,412)         |
| Discount on issue of debt           | -                                  | -                                    | 1,092,756                 | -                                  | 1,092,756           |
| Shares issued during the year       | -                                  | 22,843,056                           | -                         | -                                  | 22,843,056          |
| <b>Balance at 1 January 2020</b>    | 1                                  | 22,843,056                           | 2,670,436                 | (19,557,033)                       | 5,956,460           |
| <b>Year ended 31 December 2020:</b> |                                    |                                      |                           |                                    |                     |
| Loss for the year                   | -                                  | -                                    | -                         | (10,421,817)                       | (10,421,817)        |
| <b>Balance at 31 December 2020</b>  | 1                                  | 22,843,056                           | 2,670,436                 | (29,978,850)                       | (4,465,357)         |

The notes on pages 12 to 26 form part of these financial statements.

## **SOF-10 STARLIGHT 12 OPERATIONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **1. General information**

SOF-10 Starlight 12 Operations Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The registered office is One Eagle Place, St James's, London, SW1Y 6AF. Its principal place of business is 181-183 Warwick Road, London, W14 8PU.

The continuing activity of the Company is the running of an aparthotel business in London, United Kingdom.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The Company has taken advantage of the exemption provided by FRS 102 section 33, related party disclosures paragraph 33.1A, not to disclose transactions with group companies on the grounds that the companies are wholly owned subsidiaries.

The following principal accounting policies have been applied:

**SOF-10 STARLIGHT 12 OPERATIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)****2.2 Going concern**

The directors believe it is appropriate to prepare the financial statements on a going concern basis, which assumes that the company will continue in operational existence for the foreseeable future and for at least the next 12 months, subject to the material uncertainty as disclosed below.

In formulating this assessment, the directors have taken into consideration the potential impact of the current global COVID-19 pandemic upon the company and have carried out forecasts which indicate that the company should be able to continue as a financial and operational going concern. The lender has remained supportive, deferring scheduled loan repayment instalments until March 2022 to preserve liquidity in the company and waiving certain loan covenants until the second half of 2021. The directors' assessment includes measures announced by the UK Government to support businesses during the COVID-19 pandemic, including business rates relief, the job retention scheme and reduced VAT on hospitality sales. These measures and a forecasted increase in demand for travel during 2021 result in the company forecasting positive cash flows in the second half of 2021 and into 2022. Based on the liquidity position at the time of signing the accounts the company is not forecasting to require additional financial support from the Parent company.

The directors' assessment assumes that in the event that the recovery in demand is slower and the liquidity position of the company deteriorates to the point that additional financial support is required from the company's parent company that it will be provided. While the directors believe this support will be provided there is no legally binding obligation as at the date of signing the accounts. The directors have also assumed in their assessment that the bank loan totalling £58,820,533, which is due for repayment in March 2022, will be refinanced, however there is no guarantee of this as at the date of signing these financial statements.

The extent of the impact of the COVID-19 outbreak on the company's ability to continue as a going concern will depend on future developments, including the rollout of vaccinations, the occurrence of new variants, the duration and spread of the outbreak, related advice and restrictions, the impact of COVID-19 on the hotel and travel industry and the overall economy, all of which are highly uncertain and cannot be predicted with any certainty at this point in time. In the event of greater COVID-19 disruption, the directors would seek, and believe that the company would have the ability to raise additional finance from its investors if required although there can be no certainty about this.

The directors believe it is appropriate to prepare the financial statements on a going concern basis, which assumes that the company will continue in operational existence for the foreseeable future and for at least the next 12 months, however there is a material uncertainty based on the above matters that may cast significant doubt on the company's ability to continue as a going concern, such that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

**2.3 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover from room sales and other guest services is recognised when rooms are occupied and as services are provided.

All turnover is derived in the UK.

**SOF-10 STARLIGHT 12 OPERATIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)****2.4 Other income**

Other income comprises grants due from the UK Government under the Coronavirus Job Retention Scheme (CJRS), as part compensation for wages and salaries costs incurred in relation to 'furloughed' employees. Grants are accounted for under the accruals model. Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

**2.5 Intangible fixed assets**

Intangible assets comprise goodwill which were initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The Company reviews the carrying value of its intangible assets on an annual basis. If the carrying value of the intangible assets is greater than the recoverable amount, the carrying value is reduced through a charge to the Statement of Comprehensive Income in the period of impairment.

**2.6 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

|                       |   |                   |
|-----------------------|---|-------------------|
| Buildings             | - | 2% straight line  |
| Fixtures and fittings | - | 20% straight line |
| Computer equipment    | - | 20% straight line |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.7 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.



**SOF-10 STARLIGHT 12 OPERATIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)**

**2.8 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.9 Cash at bank and in hand**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 3 months. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**SOF-10 STARLIGHT 12 OPERATIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)****2.10 Financial Instruments**

The Company has chosen to adopt Section 11 and 12 of FRS 102 in respect of financial instruments.

**(i) Financial assets**

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

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

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

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

**(ii) Financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans and loans from related parties, are initially recognised at transaction cost unless the arrangement constitutes a financing transaction, in which case the financial liability is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

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

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

**Derivatives**

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

## **SOF-10 STARLIGHT 12 OPERATIONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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## **2. Accounting policies (continued)**

### **2.11 Creditors**

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

### **2.12 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

### **2.13 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

### **2.14 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

### **2.15 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**SOF-10 STARLIGHT 12 OPERATIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2020****3. Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. There are no critical judgements and the key sources of estimation are:

**Impairment of tangible assets**

Where there are indicators of impairment of tangible fixed assets the company performs impairment tests based on recent directors' valuations based on their knowledge of the industry and purchase offers, as well as value in use calculations. The value in use calculation is based upon budgets for the year ending 31 December 2021 and plans for the company in the foreseeable future. The recoverable amount is most sensitive to expected future cash flows and the discount rate is a source of estimation uncertainty. The cash flows used in the value in use calculation were estimated by the directors using their knowledge of the hotel industry, taking into account any capital expenditure required. A discount rate of 6.75% was used for the value in use calculations, being the rate used by the directors for internal projections and derived from their knowledge and experience of the company and the hotel industry. Sensitivity analysis was carried out on the discount rate used and an increase in the rate of 1% leads to a potential impairment of tangible fixed assets as at 31 December 2020 of £4,552,140.

**4. Operating (loss)/profit**

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

|                                       | 2020<br>£         | 2019<br>£         |
|---------------------------------------|-------------------|-------------------|
| Exchange losses/(gains)               | 146               | (14,385)          |
| Depreciation of tangible fixed assets | 3,023,972         | 1,213,022         |
| Amortisation of intangible assets     | 237,826           | 1,000,903         |
| Defined contribution pension cost     | 13,318            | 16,416            |
| Operating lease rentals               | -                 | 2,289,964         |
| CJRS grant income                     | (216,760)         | -                 |
|                                       | <u>          </u> | <u>          </u> |

During 2020, as part of the UK Government's support for businesses during the COVID-19 pandemic, the company benefited from business rates relief, with no business rates due from 1 April 2020. From 15 July 2020 the company also benefitted from a reduction in the VAT rate from 20% to 5% on certain supplies relating to hospitality and hotel accommodation.

**5. Auditors' remuneration**

|  | 2020<br>£         | 2019<br>£         |
|--|-------------------|-------------------|
| Audit of the Company's annual financial statements | 37,000            | 52,000            |
|  | <u>          </u> | <u>          </u> |

**SOF-10 STARLIGHT 12 OPERATIONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**6. Employees**

During the year, none of the directors received any remuneration (2019: £Nil).

The average monthly number of employees, including directors, during the year was 48 (2019 - 41).

**7. Interest payable and similar expenses**

|   | 2020<br>£        | 2019<br>£        |
|---|------------------|------------------|
| Bank interest payable   | 1,944,508        | 825,610          |
| Loans from group undertakings   | 5,591,171        | 2,963,902        |
|   | <u>7,535,679</u> | <u>3,789,512</u> |
| <b>Other finance costs:</b>   |                  |                  |
| Finance costs for financial instruments measured at fair value through profit or loss | -                | 151,188          |
| Unwinding of discount on issue of loans to related parties                            | 327,165          | 214,726          |
| Amortisation of finance costs   | 168,958          | -                |
|   | <u>8,031,802</u> | <u>4,155,426</u> |

**8. Taxation**

|  | 2020<br>£        | 2019<br>£        |
|--|------------------|------------------|
| <b>Deferred tax</b>                        |                  |                  |
| Deferred tax on assets                     | (655,048)        | (183,328)        |
| Previously unrecognised timing differences | 116,682          | 25,722           |
| Tax losses                                 | 412,775          | -                |
| <b>Total deferred tax</b>                  | <u>(125,591)</u> | <u>(157,606)</u> |
| <b>Taxation on loss</b>                    | <u>(125,591)</u> | <u>(157,606)</u> |

**SOF-10 STARLIGHT 12 OPERATIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2020****8. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

|   | <b>2020</b><br><b>£</b> | <b>2019</b><br><b>£</b> |
|---|-------------------------|-------------------------|
| Loss before tax   | (10,547,408)            | (2,308,018)             |
| Loss multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)         | (2,004,008)             | (438,523)               |
| <b>Effects of:</b>  |                         |                         |
| Non-tax deductible amortisation of goodwill and impairment                                | 161,868                 | 6,843                   |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 1,025,157               | 986,379                 |
| Capital allowances for year in excess of depreciation                                     | -                       | (158,992)               |
| Depreciation for year in excess of capital allowances                                     | 767,900                 | -                       |
| Utilisation of tax losses   | -                       | (725,916)               |
| Other timing differences leading to an increase/(decrease) in taxation                    | (62,987)                | -                       |
| Non-taxable income  | (13,521)                | (23,756)                |
| Group relief  | -                       | 196,359                 |
| <b>Total tax credit for the year</b>  | <b>(125,591)</b>        | <b>(157,606)</b>        |

**Factors that may affect future tax charges**

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% would now not occur and the Corporation Tax Rate would be held at 19%. In the March 2021 budget it was announced that the corporation tax rate will increase to 25% from 1 April 2023 for companies with profits above £50,000, with marginal relief available for companies with profits between £50,000 and £250,000. The deferred tax recognised at the 2020 balance sheet date was measured at a rate of 19% (2019 - 17%).

**SOF-10 STARLIGHT 12 OPERATIONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**9. Intangible assets**

|                                     | <b>Goodwill<br/>£</b> |
|-------------------------------------|-----------------------|
| <b>Cost</b>                         |                       |
| At 1 January 2020                   | 2,378,256             |
| At 31 December 2020                 | <u>2,378,256</u>      |
| <b>Amortisation</b>                 |                       |
| At 1 January 2020                   | 1,177,215             |
| Charge for the year on owned assets | <u>237,826</u>        |
| At 31 December 2020                 | <u>1,415,041</u>      |
| <b>Net book value</b>               |                       |
| At 31 December 2020                 | <u>963,215</u>        |
| At 31 December 2019                 | <u>1,201,041</u>      |

Amortisation of intangible fixed assets is included in administrative expenses.

Goodwill arose on the acquisition of the business in 2015. A deferred tax liability was recorded in relation to timing differences on the lease premium and accordingly an amount of goodwill arose on the acquisition of the business. The goodwill was being amortised over 10 years.

**SOF-10 STARLIGHT 12 OPERATIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2020****10. Tangible fixed assets**

|                                     | Land<br>£  | Buildings<br>£ | Fixtures and<br>fittings<br>£ | Computer<br>equipment<br>£ | Total<br>£  |
|-------------------------------------|------------|----------------|-------------------------------|----------------------------|-------------|
| <b>Cost or valuation</b>            |            |                |                               |                            |             |
| At 1 January 2020                   | 25,399,730 | 101,598,918    | 4,649,647                     | 135,353                    | 131,783,648 |
| Additions                           | -          | -              | 228,731                       | -                          | 228,731     |
| At 31 December 2020                 | 25,399,730 | 101,598,918    | 4,878,378                     | 135,353                    | 132,012,379 |
| <b>Depreciation</b>                 |            |                |                               |                            |             |
| At 1 January 2020                   | -          | 801,657        | 392,794                       | 54,469                     | 1,248,920   |
| Charge for the year on owned assets | -          | 2,031,978      | 964,923                       | 27,071                     | 3,023,972   |
| At 31 December 2020                 | -          | 2,833,635      | 1,357,717                     | 81,540                     | 4,272,892   |
| <b>Net book value</b>               |            |                |                               |                            |             |
| At 31 December 2020                 | 25,399,730 | 98,765,283     | 3,520,661                     | 53,813                     | 127,739,487 |
| At 31 December 2019                 | 25,399,730 | 100,797,261    | 4,256,854                     | 80,883                     | 130,534,728 |

**11. Debtors**

|                                    | 2020<br>£      | 2019<br>£      |
|------------------------------------|----------------|----------------|
| Trade debtors                      | 95,940         | 135,073        |
| Amounts owed by group undertakings | 479,553        | 325,036        |
| Other debtors                      | 119,738        | 71,715         |
| Prepayments and accrued income     | 80,126         | 295,931        |
| Financial instruments              | 4,028          | -              |
|                                    | <u>779,385</u> | <u>827,755</u> |

Included in debtors are intercompany balances of £479,553 (2019: £325,036). No interest has been charged in respect of this balance and the total is repayable on demand.



**SOF-10 STARLIGHT 12 OPERATIONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**12. Creditors: Amounts falling due within one year**

|                                    |    | 2020<br>£        | 2019<br>£         |
|------------------------------------|----|------------------|-------------------|
| Bank loans                         | 14 | -                | 58,773,115        |
| Trade creditors                    |    | 259,970          | 60,744            |
| Amounts owed to group undertakings |    | 919,717          | 699,493           |
| Other taxation and social security |    | 13,172           | 504,940           |
| Financial instruments              | 15 | -                | 111,397           |
| Other creditors                    |    | 37,174           | 179,110           |
| Accruals and deferred income       |    | 459,146          | 913,002           |
|                                    |    | <u>1,689,179</u> | <u>61,241,801</u> |

Included in creditors are intercompany balances of £919,717 (2019: £699,493). No interest has been charged in respect of this balance and the total is repayable on demand.

**13. Creditors: Amounts falling due after more than one year**

|                                    |    | 2020<br>£          | 2019<br>£         |
|------------------------------------|----|--------------------|-------------------|
| Bank loans                         | 14 | 58,628,270         | -                 |
| Amounts owed to group undertakings |    | 73,003,609         | 67,085,273        |
|                                    |    | <u>131,631,879</u> | <u>67,085,273</u> |

Included within creditors falling due after more than one year are amounts totalling £73,003,609 (2019 - £67,085,273) in respect of four loans, two non-interest bearing loans of £4,537,592 (2019 - £4,210,427) and two interest bearing loans of £68,466,017 (2019 - £62,874,846), owed to group undertakings. These amounts are not wholly repayable within 5 years and are repayable other than by instalments. The amounts repayable after 5 years will be £73,003,609 (2019 - £67,085,273).

These loans are unsecured, bear interest at a rate of 0% and 12% respectively, and are repayable over a period of ten years.

During the period, interest of £5,591,171 (2019 - £2,963,902) was charged on the interest bearing loans. At the Balance Sheet date amounts owed to group undertakings due after more than one year includes £22,000,232 (2019 - £16,409,058) in relation to this outstanding interest.

The non-interest bearing loan issued during the prior period was recorded at fair value on issue and the discount between fair value and proceeds of £1,092,756 was recorded in other reserves. The total discount between fair value and proceeds recorded in other reserves as at 31 December 2020 was £2,670,436 (2019 - £2,670,436). During the period, interest of £327,165 (2019 - £214,726) was charged on the unwinding of the discount to the two interest free loans.

**SOF-10 STARLIGHT 12 OPERATIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2020****14. Loans**

|  | 2020<br>£         | 2019<br>£         |
|--|-------------------|-------------------|
| <b>Amounts falling due within one year</b> |                   |                   |
| Bank loans                                 | -                 | 58,773,115        |
|  | <u>-</u>          | <u>58,773,115</u> |
| <b>Amounts falling after one year</b>      |                   |                   |
| Bank loans                                 | 58,628,270        | -                 |
|  | <u>58,628,270</u> | <u>-</u>          |
|  | <u>58,628,270</u> | <u>58,773,115</u> |

Included within creditors falling due after one year are amounts totalling £58,820,533 (2019 amounts falling due within one year - £58,820,533) in respect of a loan owed to a financial institution, less £192,263 (2019 - £47,418) of unamortised finance costs. The bank loan was repayable on 27 March 2020, but was extended on 23 March 2020 to 23 March 2022. The loan is secured on the freehold property and bears interest at a rate of LIBOR plus 2.75% with a minimum of 3.00% (2019: LIBOR plus 2.75%). The company had an interest rate swap agreement until 27 March 2020, swapping the interest rate for a fixed interest rate of 3.50%. Subsequently, the company has purchased an interest rate cap in the year, capping the variable LIBOR rate at 1.00%.

During the period, interest of £1,944,508 (2019 - £825,610) was charged on the loan.

**15. Financial instruments**

|  | 2020<br>£    | 2019<br>£      |
|--|--------------|----------------|
| <b>Financial assets</b>  |              |                |
| Financial assets measured at fair value through profit or loss                 | 4,028        | -              |
|  | <u>4,028</u> | <u>-</u>       |
| <b>Financial liabilities</b>   |              |                |
| Derivative financial instruments measured at fair value through profit or loss | -            | 111,397        |
|  | <u>-</u>     | <u>111,397</u> |

**SOF-10 STARLIGHT 12 OPERATIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2020****16. Deferred taxation**

|                           | <b>2020</b><br><b>£</b> |
|---------------------------|-------------------------|
| At beginning of year      | 1,196,622               |
| Charged to profit or loss | (125,591)               |
| <b>At end of year</b>     | <b>1,071,031</b>        |

The provision for deferred taxation is made up as follows:

|                                | <b>2020</b><br><b>£</b> | <b>2019</b><br><b>£</b> |
|--------------------------------|-------------------------|-------------------------|
| Accelerated capital allowances | 219,067                 | 25,722                  |
| Tax losses carried forward     | (435,618)               | -                       |
| Tangible assets                | 1,287,582               | 1,170,900               |
|                                | <b>1,071,031</b>        | <b>1,196,622</b>        |

**17. Share capital**

|  | <b>2020</b><br><b>£</b> | <b>2019</b><br><b>£</b> |
|--|-------------------------|-------------------------|
| <b>Allotted, called up and fully paid</b>                  |                         |                         |
| 1,001 (2019 - 1,001) Ordinary Shares shares of £0.001 each | 1                       | 1                       |

During the prior year the company issued 1 additional ordinary share, with a nominal value of £0.001, for £22,843,056.

**18. Contingent liabilities**

A fixed and floating charge exists over the trade and assets of the company in respect of the borrowings of SOF-10 Think Hotels Lux Sarl, the immediate parent undertaking, and its subsidiary undertakings. The maximum potential liability at 31 December 2020 was £36,598,530 (2019 - £36,598,530).

**SOF-10 STARLIGHT 12 OPERATIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**19. Parent undertakings and controlling party**

The immediate parent company and smallest group which prepares consolidated financial statements, which includes the results of the company, is SOF-10 Think Hotels Lux Sarl, a company registered and incorporated in Luxembourg. Copies of the company's financial statements can be obtained from 2-4 Rue Eugene Ruppert, L-2453, Luxembourg, its registered address.

The ultimate parent company and largest group which prepares consolidated financial statements, which includes the results of the company, is SOF-X International Holding LP, a partnership incorporated in the USA. The registered address of the partnership is Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801.

The ultimate controlling party is SOF-10 Think Lux Sarl, a company registered and incorporated in Luxembourg. The registered office of the company is 2-4 Rue Eugene Ruppert, L-2453, Luxembourg.