

HH Hotels (Stratford) Limited

Report and Financial Statements

Year Ended

31 December 2020

Company Number 9551522

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HH Hotels (Stratford) Limited

Report and financial statements for the year ended 31 December 2020

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Director

H Handelsman

Secretary and registered office

L Hunt, 5th Floor Edison House, 223-231 Old Marylebone Road, London, NW1 5QT

Company number

9551522

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

HH Hotels (Stratford) Limited

Director's report for the year ended 31 December 2020

The director presents his report together with the audited financial statements for the year ended 31 December 2020.

Results and dividends

The profit for the year is set out on page 7.

The company paid no dividends during the year (2019 - £Nil).

Principal activities

The principal activity of the company is hotel management.

Directors

The director of the company during and subsequent to the year was:

H Handelsman

Qualifying third party indemnity provisions

The director has qualifying third party indemnity provisions put in place through other companies of which they are also director.

Going concern

The Company provides services to a fellow subsidiary which operates a hotel, which is charged as security for a bank loan facility held by the wider group. COVID-19 has had a significant impact on the global and UK economy. Whilst there appear to be signs of recovery with the opening up of businesses, and the economy, the director recognises there is still uncertainty around the long term implications of the virus on businesses and have taken a cautious approach when preparing cash flow forecasts for the period of 12 months from the date of approval of these financial statements. These forecasts show that the company is expected to be able to meet its operational liabilities as they fall due for the next 12 months. Whilst the company will have sufficient trading to meet its operational liabilities, due to the closures of the hotel operation during the calendar year of 2021 and the pandemic's effect on recovery of the hotel business, the covenants under the wider group's bank loan are currently non-compliant. The group are working with the lenders on resolving this.

The wider group's bank loan facility terminates in February 2022, and the group's directors are in discussions with a number of funders to refinance the loan. The group has benefitted from the settlement of an insurance claim since the year end and insurance proceeds of approximately £6 million will be used to reduce the outstanding loan balance. Based on the valuation of the property held as security undertaken on behalf of the current lenders in July 2021, and the expected loan balance following the proposed reduction, the value of the assets are significantly higher than the bank loan and therefore the group's directors are confident that they will be able to refinance the loan with appropriate covenants and security. Based on this, and the ongoing support of the shareholders, the director has concluded that it is appropriate to prepare the company's financial statements on a going concern basis.

However as at the date of approval of these financial statements, the re-documentation of the current loan, including any required waivers, has not been formally agreed, albeit the group's directors anticipate completion in the near future, and no refinancing has been formally agreed. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern and therefore their ability to realise their assets and discharge their liabilities in the normal course of business

The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

HH Hotels (Stratford) Limited

Director's report for the year ended 31 December 2020 (*continued*)

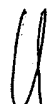
Auditors

The current director has taken all the steps that he ought to have taken to make himself aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The director is not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

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

On behalf of the Board



H Handelsman

Director

Date 22 December 2021

HH Hotels (Stratford) Limited

Director's responsibilities statement for the year ended 31 December 2020

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

HH Hotels (Stratford) Limited

Independent auditor's report to the members of HH Hotels (Stratford) Limited

Opinion on the financial statements

In our opinion the financial statements:

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

We have audited the financial statements of HH Hotels (Stratford) Limited ("the Company") for the year ended 31 December 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the notes to financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 1 to the financial statements, which indicates a group bank loan, which is secured on the hotel for which the company provides services, is due to expire in February 2022 and is currently non-compliant with covenants. The group's directors are in discussions with the lenders, however no formal agreement has been reached. These events or conditions, along with other matters as set out in note 1, 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.

HH Hotels (Stratford) Limited

Independent auditor's report (*continued*)

Other information

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

Other Companies Act 2006 reporting

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 material misstatements in the Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; 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' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic Report.

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.

HH Hotels (Stratford) Limited

Independent auditor's report (continued)

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.

Extent to which the audit was 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 identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience through discussion with the directors and other management (as required by auditing standards).
- We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) and taxation legislation. We considered that extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.
- With the exception of any known or possible non-compliance, and as required by auditing standards, our work in respect of these was limited to enquiry of the directors.
- We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.
- We addressed the risk of fraud through management override of controls, by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.


Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

Tim Neathercoat (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK

DocuSigned by:

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Date 22 December 2021

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

HH Hotels (Stratford) Limited

Statement of comprehensive income for the year ended 31 December 2020

	Note	2020 £	2019 £
Turnover		3,031,890	5,208,216
Administrative expenses		(4,307,593)	(5,112,998)
Other Operating income	4	1,368,157	-
Interest payable		-	-
Operating profit and profit on ordinary activities before taxation	2	92,454	95,218
Taxation	5	(5,704)	(18,091)
Profit on ordinary activities after taxation		86,750	77,127
Total comprehensive income for the year		86,750	77,127

All amounts relate to continuing activities.

The notes on pages 10 to 14 form part of these financial statements.

HH Hotels (Stratford) Limited

Statement of financial position as at 31 December 2020

<i>Company number 9551522</i>	Note	2020 £	2019 £
Current assets			
Debtors	6	1,010,424	1,263,518
Cash		65,876	23,433
		<u>1,076,300</u>	<u>1,286,951</u>
Creditors: amounts falling due within one year	7	(914,731)	(1,212,132)
		<u>161,569</u>	<u>74,819</u>
Net assets			
Capital and reserves			
Called up share capital	8	1	1
Profit and loss account		161,568	74,818
		<u>161,569</u>	<u>74,819</u>
Shareholders' funds			
		<u>161,569</u>	<u>74,819</u>

These financial statements have been prepared in accordance with the provisions applicable to small companies entitled to the small companies' exemption.

The financial statements were approved by the Board and authorised for issue on 22 December 2021


H Handelsman
Director

The notes on pages 10 to 14 form part of these financial statements.

HH Hotels (Stratford) Limited

Statement of changes in equity for the year ended 31 December 2020

	Issued share capital £	Profit and loss account £	Total equity £
1 January 2019	1	(2,309)	(2,308)
Profit for the year	-	77,127	77,127
Total comprehensive income for the year	-	77,127	77,127
31 December 2019	1	74,818	74,819
1 January 2020	1	74,818	74,819
Profit for the year	-	86,750	86,750
Total comprehensive income for the year	-	86,750	86,750
31 December 2020	1	161,568	161,569

The notes on pages 10 to 14 form part of these financial statements.

HH Hotels (Stratford) Limited

Notes forming part of the financial statements for the year ended 31 December 2020

1 Accounting policies

HH Hotels (Stratford) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Edison House, 223-231 Old Marylebone Road, London, NW1 5QT.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard 102, the Financial Reporting Standard Section 1A 'Small Entities' applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The principal accounting policies applied in the preparation of these financial statements are set out below.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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.

The director does not consider there to be any critical accounting estimates or judgements.

Going concern

The Company provides services to a fellow subsidiary which operates a hotel, which is charged as security for a bank loan facility held by the wider group. COVID-19 has had a significant impact on the global and UK economy. Whilst there appear to be signs of recovery with the opening up of businesses, and the economy, the director recognises there is still uncertainty around the long term implications of the virus on businesses and have taken a cautious approach when preparing cash flow forecasts for the period of 12 months from the date of approval of these financial statements. These forecasts show that the company is expected to be able to meet its operational liabilities as they fall due for the next 12 months. Whilst the company will have sufficient trading to meet its operational liabilities, due to the closures of the hotel operation during the calendar year of 2021 and the pandemic's effect on recovery of the hotel business, the covenants under the wider group's bank loan are currently non-compliant. The group are working with the lenders on resolving this.

The wider group's bank loan facility terminates in February 2022, and the group's directors are in discussions with a number of funders to refinance the loan. The group has benefitted from the settlement of an insurance claim since the year end and insurance proceeds of approximately £6 million will be used to reduce the outstanding loan balance. Based on the valuation of the property held as security undertaken on behalf of the current lenders in July 2021, and the expected loan balance following the proposed reduction, the value of the assets are significantly higher than the bank loan and therefore the group's directors are confident that they will be able to refinance the loan with appropriate covenants and security. Based on this, and the ongoing support of the shareholders, the director has concluded that it is appropriate to prepare the company's financial statements on a going concern basis.

However as at the date of approval of these financial statements, the re-documentation of the current loan, including any required waivers, has not been formally agreed, albeit the group's directors anticipate completion in the near future, and no refinancing has been formally agreed. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern and therefore their ability to realise their assets and discharge their liabilities in the normal course of business.

The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

HH Hotels (Stratford) Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

1 Accounting policies (continued)

Turnover

Turnover represents hotel management fees recharged to a fellow subsidiary.

Government Grants

Grants are recognised when there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received. The grants are recognised in the income statement as other operating income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

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

2 Operating profit

	2020 £	2019 £
This has been arrived at after charging:		
Auditors' remuneration - audit services	5,000	1,750

The directors did not receive any remuneration during the year (2019 - £Nil).

HH Hotels (Stratford) Limited

Notes forming part of the financial statements
for the year ended 31 December 2020 (*continued*)

3 Staff costs

	2020 £	2019 £
Staff costs consist of:		
Wages and salaries	3,882,050	4,580,108
Social security costs	348,513	451,414
Pension cost	71,005	79,457
	<u>4,301,568</u>	<u>5,110,979</u>

The company had an average of 168 employees during the year (2019 – 180).

4 Other operating income

	2020 £	2019 £
Government grants	1,368,157	-
	<u>1,368,157</u>	<u>-</u>

Included in other operating income are UK Government COVID related grants.

5 Taxation on profit on ordinary activities

	2020 £	2019 £
Profit on ordinary activities before tax	92,454	95,218
	<u>92,454</u>	<u>95,218</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% to December 2020 (2019 - 19%)	17,566	18,091
Adjustment in respect of prior year	(11,862)	-
	<u>5,704</u>	<u>18,091</u>
Current tax charge for the period	5,704	18,091

6 Debtors

	2020 £	2019 £
Amounts owed by group undertakings	1,010,423	1,263,517
Unpaid share capital	1	1
	<u>1,010,424</u>	<u>1,263,518</u>

All amounts fall due for payment within one year. Amounts owed by group undertakings are non-interest bearing.

HH Hotels (Stratford) Limited

Notes forming part of the financial statements
for the year ended 31 December 2020 (*continued*)

7 Creditors: amounts falling due within one year

	2020 £	2019 £
Other taxes and social security	79,327	152,398
VAT	806,608	1,041,643
Corporation tax	23,796	18,091
Accruals	5,000	-
	<u>914,731</u>	<u>1,212,132</u>

8 Share capital

	2020 £	2019 £
<i>Authorised</i>		
1 ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>
<i>Allotted and fully paid</i>		
1 ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>

Ordinary shares carry one vote per share and rights to participate in dividends and capital equally with all other ordinary shares at any time and from time to time issued by the company.

9 Related party disclosure

The company has taken advantage of the exemption allowed by Section 33.1A of FRS 102, not to disclose any transactions with members of the group headed Manhattan Loft Corporation Limited on the grounds that 100% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

10 Financial instruments

The company's financial instruments may be analysed as follows:

	2020 £	2019 £
Financial assets		
Financial assets measured at amortised cost	1,076,299	1,286,951
	<u>1,076,299</u>	<u>1,286,951</u>
Financial liabilities		
Financial liabilities measured at amortised cost	5,000	-
	<u>5,000</u>	<u>-</u>

Financial assets measured at amortised cost comprise cash at bank and in hand and amounts owed by group undertakings

Financial liabilities measured at amortised cost comprise accruals.

HH Hotels (Stratford) Limited

**Notes forming part of the financial statements
for the year ended 31 December 2020 (*continued*)**

11 Ultimate parent undertaking

The company's immediate parent undertaking is Manhattan Loft Corporation Limited, a company incorporated and registered in England and Wales with the same registered office as the company.

The company's ultimate parent undertaking is Manhattan Loft Holdings (2008) Limited, a company incorporated Netherlands, Antilles and registered in Guernsey.

The company's ultimate controlling party is the New World Trust Corporation.