

Registered number: 10269024

Equinox Shoreditch Limited

Directors' report and financial statements

For the year ended 31 December 2018

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Equinox Shoreditch Limited

Company information

Registered number:	10269024
Country of Incorporation:	England and Wales
Registered office:	5 New Street Square London EC4A 3TW
Directors:	S M Rosen H J Spevak P J Tizik J Turchin
Company secretary:	Taylor Wessing Secretaries Limited
Auditors:	Kreston Reeves LLP Chartered Accountants & Statutory Auditors Third Floor 24 Chiswell Street London EC1Y 4YX

Equinox Shoreditch Limited

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Equinox Shoreditch Limited

Strategic report

The directors present their Strategic report, Directors' report and audited financial statements of the company for the year ended 31 December 2018.

Business review and future developments

The company's loss for the financial year was £48,000 (2017: £15,000). No dividend was paid during the year.

The company is in the process of developing the group's third UK club in Shoreditch, East London which is expected to be opened in early 2020.

Principal Risks and Uncertainties

The company considers the following as principal risks as detailed in Note 14 to these financial statements:

Liquidity risk

Liquidity risk is identified across the entire group.

Interest rate risk

The majority of the group's interest rate risk arises from borrowings. Other sources of interest rate risk for the group may include interest bearing investments, creditors' accounts offering a discount and debtors' accounts on which discounts are offered.

Foreign exchange risk

Foreign exchange risk focuses on transaction exposures. The group has two types of transaction exposure. Financing exposures are exposures from foreign currency financing activities such as asset purchases, asset sales, capital returns, coupon payments, external and inter-company loan repayments. Operating exposures arise from normal operations of the group.

Counterparty credit risk

Counterparty credit risk represents the potential loss which the company could incur if counterparties failed to meet their obligations under their respective contracts or arrangement with the company. Credit risk for financial assets which have been recognised in the Statement of financial position is generally the carrying amount, net of any provisions for doubtful debts.

Financial Risk Management

The company follows Equinox Holdings Inc's treasury risk management policy as detailed below. Equinox Holdings Inc is the ultimate parent company.

Equinox Holdings Inc's treasury has responsibility for the identification and management of the group's financial risks and conducts the group's treasury activities in accordance with the group's treasury policy. Group treasury policy sets out the policies with respect to the internal controls (including segregation of duties), organisational relationships, functions, delegated authority levels, management of foreign currency, interest rate exposures and counterparty credit limits and requires regular reporting to the board of directors of exposures to derivative financial instruments.

Equinox Shoreditch Limited

Strategic report

The group's board of directors have an oversight role which involves ratification of group treasury policy, delegation of authorities and consideration of reports on implementation, effectiveness and compliance. The group's audit committee has a role of monitoring, reviewing and approving recommendations for board approval.

The group's policy towards risk management is to take an active approach to identify and manage financial risks and ensure that adequate risk management systems exists within the group such that risks are identified and appropriately managed. Financial asset and liability transactions are to be structured to enable the achievement of planned outcomes, reduce volatility and provide increased certainty.

This report was approved by the board on *July 24th, 2019* and signed on its behalf.


P J Tizik
Director

Equinox Shoreditch Limited

Directors' report

Principal activity

The company's principal activity will be the provision of fitness facilities. The company is currently in the development phase of these facilities.

The company's risk exposure is set out in the Strategic report.

Directors

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

S M Rosen
H J Spevak
P J Tizik
J Turchin (appointed 2 March 2018)

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 year. 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;
- state whether applicable International Financial Reporting Standards (IFRSs), as adopted by the European Union, have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Equinox Holdings Inc. The directors have received confirmation that Equinox Holdings Inc intends to support the company for a period of at least twelve months from the date of signing of these financial statements.

Equinox Shoreditch Limited

Directors' report

Auditor

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

Matters covered in the Strategic report

The directors have considered it to be more appropriate to disclose the Future Developments in the Strategic report as they are of strategic importance.

Statement of disclosure of information to auditor

So far as each director is aware, there is no relevant audit information of which the company's auditor is unaware.

Each director has taken all the steps that he ought to have taken in his duty as director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The report of the directors was approved by the Board on *July 24, 2019* and signed on its behalf by:



P J Tizik
Director

Equinox Shoreditch Limited

Independent Auditor's report to the members of Equinox Shoreditch Limited

Opinion

We have audited the financial statements of Equinox Shoreditch Limited (the 'company') for the year ended 31 December 2018 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018, and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

Equinox Shoreditch Limited

Independent Auditor's report to the members of Equinox Shoreditch Limited

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements 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.

Equinox Shoreditch Limited

Independent Auditor's report to the members of Equinox Shoreditch Limited

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Michael Cook **Kreston Reeves LLP**

Michael Cook BA (Hons) FCA (Senior Statutory Auditor)
For and on behalf of Kreston Reeves LLP
Chartered Accountants and Statutory Auditors
London

Date: *26 July 2019*

Equinox Shoreditch Limited

Statement of comprehensive income for the year ended 31 December 2018

	<i>Note</i>	2018 £'000	2017 £'000
Administrative expenses	4	<u>(28)</u>	<u>(13)</u>
Operating loss		(28)	(13)
Finance costs	6	<u>(20)</u>	<u>(2)</u>
Loss before taxation		<u>(48)</u>	<u>(15)</u>
Taxation		-	-
Loss for the period		<u>(48)</u>	<u>(15)</u>
Total comprehensive loss for the period		<u>(48)</u>	<u>(15)</u>
Attributable to the owners of the company	16	<u>(48)</u>	<u>(15)</u>

There was no other comprehensive income for 2018 (2017: £Nil).

All amounts relate to continuing operations.

The notes on pages 11 to 20 form part of these financial statements.

Equinox Shoreditch Limited

Statement of financial position as at 31 December 2018

Registered number: 10269024

	Note	2018 £'000	2017 £'000
Assets			
Non current assets			
Property, plant and equipment	7	726	180
Total non current assets		<u>726</u>	<u>180</u>
Current assets			
Trade and other receivables	8	37	2
Total current assets		<u>37</u>	<u>2</u>
Liabilities			
Current liabilities			
Trade and other payables	9	(257)	(13)
Total net current liabilities		<u>(220)</u>	<u>(11)</u>
Long term liabilities	10	(575)	(190)
Total assets less total liabilities		<u>(69)</u>	<u>(21)</u>
Capital and reserves attributable to equity holders of the company			
Share capital	15	1	1
Accumulated losses	16	(70)	(22)
Total deficit		<u>(69)</u>	<u>(21)</u>

The financial statements were approved by the Board of Directors on July 24, 2019 and signed on its behalf by:


P J Tizik
Director

The notes on pages 11 to 20 form part of these financial statements

Equinox Shoreditch Limited

Statement of changes in equity for the year ended 31 December 2018

	Share Capital £'000	Comprehensive Loss £'000	Total Equity £'000
Brought forward at 1 January 2017	1	(7)	(6)
Loss for the financial period	-	(15)	(15)
Balance at 31 December 2017	1	(22)	(21)
Brought forward at 1 January 2018	1	(22)	(21)
Loss for the financial period	-	(48)	(48)
Balance at 31 December 2018	1	(70)	(69)

The notes on pages 11 to 20 form part of these financial statements.

Equinox Shoreditch Limited

Notes to the financial statements for the year ended 31 December 2018

1 General information

The company is a private company, limited by shares, incorporated in England and Wales and domiciled in the UK. The principal place of business is 28 Curtain Road, London, EC21 3NZ.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

Statement of compliance with IFRS

These financial statements have been prepared in accordance with EU Endorsed International Financial Reporting Standards (IFRS), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on the going concern basis under the historical cost convention. The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Equinox Holdings Inc. The directors have received confirmation that Equinox Holdings Inc intends to support the company for a period of at least twelve months from the date of signing of these financial statements.

The financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise stated.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements.

The statement of cash flows has not been prepared on the basis that the company do not operate a bank account and do not hold any readily convertible assets as the company is currently being financed through loans from Equinox Fitness Holdings UK Limited.

Changes in accounting policy and disclosure

A number of new standards and amendments to standards and interpretations became effective during the financial year.:

IFRS 2: Share based payments

IFRS 15: Revenue from contracts with customers – effective from 1st January 2018

IFRIC (interpretation) foreign currency transactions and advance consideration - effective 1st January 2018

None of these standards are expected to have a material impact on the company. The company currently has no revenue stream and will re-assess the impact of IFRS15 when trading commences.

A number of new standards and amendments to standards and interpretations have not been applied in preparing these financial statements.

IFRS 16: Leases – effective 1st January 2019

IFRS 9 (amendment): prepayment features with negative compensation - effective 1st January 2019.

Equinox Shoreditch Limited

Notes to the financial statements for the year ended 31 December 2018

Neither of these standards are expected to have a material impact on the company. Whilst the company has signed an operating lease the building is still under development and the commencement date of this lease will be the date of development completion. Therefore the company will reconsider the impact of IFRS16 at that time when it is implemented.

Financial assets

The company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. The company has no financial assets classified at fair value through profit or loss or as available for sale.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of financial position. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

- Impairment of financial assets

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Financial liabilities

Financial liabilities are measured at fair value on initial recognition. For all financial liabilities not subsequently measured at fair value through the Statement of comprehensive income, the transaction costs directly attributable to the acquisition of the financial liabilities are also recognised.

- Loans and borrowings

All loans and borrowings are interest bearing and are initially recognised at fair value and subsequently recorded at amortised cost, representing the present value of the loan, calculated using the effective interest rate of the loan or borrowing over its term. They are included in current liabilities, unless the company has an unconditional right to defer settlement of the loan or borrowing for at least 12 months after the end of the reporting period. Costs incurred with borrowings are expensed to the Statement of comprehensive income as they are incurred.

Property, plant and equipment and depreciation

Property, plant and equipment is stated at cost less depreciation. Depreciation is currently not being charged up until the date the club opens.

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Notes to the financial statements for the year ended 31 December 2018

Foreign currencies

Transactions in currencies other than the entity's functional currency (foreign currencies) are initially recorded at the rates of exchange prevailing on the date of the transaction. At each subsequent reporting period monetary assets and liabilities denominated in foreign currencies are translated into Sterling at rates of exchange ruling at the end of the financial period. Foreign exchange differences are taken to the Statement of comprehensive income in the period in which they arise.

Hedging

The company does not use financial instruments to hedge its assets and liabilities that are denominated in foreign currencies.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Trade payables

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 (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

All receivables are regularly reviewed and a provision for impairment of trade receivables is established when there is objective evidence that all amounts may not be collectible according to the original terms of the sales transaction. Bad debts are written off as incurred.

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing these financial statements, the directors have had to make the following judgements:

Provisions

The directors make judgements based on experience on the level of provision required to account for unbilled invoices. At the Statement of financial position date the company has recognised £256,899 (2017: £13,198) in respect of unbilled invoices which has been included within 'Accruals and deferred income' in Note 9 to these financial statements.

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Notes to the financial statements for the year ended 31 December 2018

4 Auditors' remuneration

Auditors' remuneration is composed as follows:

	2018 £'000	2017 £'000
Fees payable to the company's auditors for the audit of company financial statements	4	4
Fees payable to the company's auditors for non audit services	24	9
	<u>28</u>	<u>13</u>

5 Key management compensation

Key management personnel are considered to be the directors of the company.

There are no directors to whom retirement benefits are accruing.

During the year, total directors' emoluments were £Nil (2017: £Nil).

6 Finance Costs

	2018 £'000	2017 £'000
Intercompany interest payable	20	2
	<u>20</u>	<u>2</u>

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Notes to the financial statements for the year ended 31 December 2018

7 Property, plant and equipment

	Leasehold Property £'000	Total £'000
Cost		
At 1 January 2017	-	-
Additions	180	180
At 31 December 2017	180	180
Depreciation		
At 1 January 2017	-	-
Charge for the period	-	-
At 31 December 2017	-	-
Net book value		
At 31 December 2017	180	180
At 31 December 2016	-	-

	Leasehold Property £'000	Total £'000
Cost		
At 1 January 2018	180	180
Additions	546	546
Disposals	-	-
At 31 December 2018	726	726
Depreciation		
At 1 January 2018	-	-
Charge for the period	-	-
At 31 December 2018	-	-
Net book value		
At 31 December 2018	726	726
At 31 December 2017	180	180

Equinox Shoreditch Limited

Notes to the financial statements for the year ended 31 December 2018

8 Trade and other receivables

	2018 £'000	2017 £'000
Other receivables	37	2
	<u>37</u>	<u>2</u>

The fair value of other receivables above approximates to their book value.

The maximum exposure to credit risk at each reporting date is the fair value of each receivable shown above.

No receivables are considered past due.

9 Trade and other payables

	2018 £'000	2017 £'000
Accruals and deferred income	257	13
	<u>257</u>	<u>13</u>

Due to their short maturities, the fair value of other payables approximates to their book value. All other payables are recorded at amortised cost.

10 Long term payables

	2018 £'000	2017 £'000
Amounts owed to group undertakings	575	190
	<u>575</u>	<u>190</u>

Long term payables represent amounts not wholly repayable within 5 years.

Interest is charged at 6.5% on the interest bearing loan payable to Equinox Fitness UK Holdings Limited per Note 17 to the financial statements.

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Notes to the financial statements for the year ended 31 December 2018

11 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	2018 £'000	2017 £'000
Assets as per Statement of financial position		
Other receivables at amortised cost	<u>37</u>	<u>2</u>
Short term liabilities as per Statement of financial position		
Other payables at amortised cost	<u>257</u>	<u>13</u>
Long term liabilities as per Statement of financial position		
Amounts owed to group undertakings at amortised cost	<u>575</u>	<u>190</u>

All financial instruments stated above are recorded at amortised cost.

12 Operating lease commitments

	2018 £'000	2017 £'000
Future minimum lease payments		
Within one year	1,912	-
Between one year and five years	5,737	5,737
After more than 5 years	<u>37,292</u>	<u>39,204</u>

The above lease runs for a period of 25 years to 30 June 2044 and while a lease agreement has been signed the building is still under development and the commencement date will not be until completion.

13 Capital commitments

At the Statement of financial position date, the company had capital expenditure contracted for but not yet incurred related to leasehold improvements of £260,215 (2017: £Nil).

14 Financial risk management

Treasury risk management policy

The company follows Equinox Holdings Inc's treasury risk management policy as detailed below. Equinox Holdings Inc's treasury has responsibility for the identification and management of the group's financial risks and conducts the group's treasury activities in accordance with the group's treasury policy. Group treasury policy sets out the policies with

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Notes to the financial statements for the year ended 31 December 2018

respect to the internal controls (including segregation of duties), organisational relationships, functions, delegated authority levels, management of foreign currency, interest rate exposures and counterparty credit limits and requires regular reporting to the board of directors of exposures to derivative financial instruments.

The group's board of directors have an oversight role which involves ratification of group treasury policy, delegation of authorities and consideration of reports on implementation, effectiveness and compliance. The group's audit committee has a role of monitoring, reviewing and approving recommendations for board approval.

The group's treasury policy manages the following financial risks:

- Liquidity risk;
- Interest rate risk;
- Foreign exchange risk; and
- Counterparty credit risk.

The group's policy towards risk management is to take an active approach to identify and manage financial risks and ensure that adequate risk management systems exist within the group such that risks are identified and appropriately managed. Financial asset and liability transactions are to be structured to enable the achievement of planned outcomes, reduce volatility and provide increased certainty.

The objectives relating to management of financial risks are as follows:

Liquidity risk

Liquidity risk is identified across the entire group.

The aim of liquidity risk management is to ensure that the group has an appropriate level of liquidity and access to sufficient cash resources (including reserves, banking facilities and standby borrowing facilities) to maintain normal operations, meet its financial obligations as they fall due, pay dividends, meet capital expenditure commitments and undertake investment/strategic opportunities as they arise. To do this, debt maturity profile must be appropriately structured, taking into account the group's core assets and working capital funding requirements, asset and liability matching and refinancing risks.

Interest rate risk

Interest rate risk is the risk of a reduction in earnings and cash flow as a consequence of adverse movements in interest rates. This includes exposures that may arise if the group was to fix interest rates in a falling interest rate environment. Interest rate risk is measured by the effect of interest rate movements on the total portfolio of current and forecast debt, interest rate hedging transactions and financial market risks.

The majority of the group's interest rate risk arises from borrowings. Other sources of interest rate risk for the group may include interest bearing investments, creditors' accounts offering a discount and debtors' accounts on which discounts are offered. The group's objective is to ensure that it is not exposed to interest rate movements to the extent that interest expense adversely impacts the group's ability to meet operating obligations as they arise. To achieve this, the company has a fixed interest rate on its intra-group loan facilities with Equinox Holdings Inc.

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Notes to the financial statements for the year ended 31 December 2018

Foreign exchange risk

The group's policy is to fund foreign currency assets, where practicable and cost effective, in the respective currencies in which such assets are denominated.

Risks are quantified using historical data to determine the potential worst case expected sensitivity of the group's operating cash flows to fluctuations in foreign exchange rates on the net exposures. A correlation matrix is used to measure the impact of relevant exposures at the group level. The matrix measures the extent to which risk factors move together and considers the long and short term nature of exposures.

Foreign exchange risk management focuses on transaction exposures. The group has two types of transaction exposure. Financing exposures are exposures from foreign currency financing activities such as asset purchases, asset sales, capital returns, coupon payments, external and inter-company loan repayments. Operating exposures arise from normal operations of the group. These exposures are both known and forecast. The group's aim is to ensure prompt identification of foreign currency exposures and to ensure net exposure of foreign currency fluctuations to which the divisions of the Equinox Holdings Inc are exposed are within agreed benchmarks.

Counterparty credit risk

Counterparty credit risk represents the potential loss which the group could incur if counterparties failed to meet their obligations under their respective contracts or arrangement with the group. Credit risk for financial assets which have been recognised in the Statement of financial position is generally the carrying amount, net of any provisions for doubtful debts.

Trade receivables consist of a number of customers. If there is no independent rating, management assesses the credit quality of the customer taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal ratings. Management monitors the utilisation of credit limits regularly.

Capital management

The company manages its capital by following the Equinox Holdings Inc's capital management initiatives, which aim to maintain a sound financial position. The capital management initiative is consistent with the company's commitment to disciplined capital management and allows the company to maintain appropriate gearing levels and an appropriate entity level capital structure.

15 Share capital

	2018	2017
	£'000	£'000
Allotted and fully paid		
1,000 ordinary shares of £1	1	1

Equinox Shoreditch Limited

Notes to the financial statements for the year ended 31 December 2018

16 Statement of changes in equity

The Statement of changes in equity, sets out share capital and reserves as explained below:

Share capital

The balance classified as share capital includes the total nominal value of the company's equity share capital, comprising £1 ordinary shares.

Accumulated losses

This reserve records the accumulated earnings and losses of the company.

17 Related party transactions

Equinox Shoreditch Limited is a wholly owned subsidiary of Equinox Fitness Holdings UK Limited. The ultimate parent company is Equinox Holdings Inc, a company incorporated in the USA.

The company has the following intra-group loan facilities with Equinox Fitness Holdings UK Limited as at 31 December 2018 for the purpose of providing working capital to the company:

		2018 £'000	2017 £'000
Loan facility balances	Note		
Loan balance	10	575	190
		<u>575</u>	<u>190</u>

This interest bearing loan is repayable in full on 30 September 2027 or on such earlier date as the Lender demands.

Interest is charged at 6.5% on the interest bearing loan. The amount of interest due at 31 December 2018 was £21,265 (2017: £1,486).

18 Ultimate parent undertaking

Equinox Shoreditch Limited is a wholly owned subsidiary of Equinox Fitness Holdings UK Limited. The company's immediate parent company, which is the parent undertaking of the largest group to consolidate the financial statements of the company, is Equinox Holdings Inc, a company incorporated in the USA.

The ultimate controlling party are the shareholders of Equinox Holdings Inc.

Copies of the Equinox Holdings Inc financial statements may be obtained from Equinox Holdings Inc, 895 Broadway, New York, 10003.