

Padox Wonderwall Limited

Directors' report and
unaudited financial statements

Year ended 31 December 2020

Registered Number: 11555879



Padox Wonderwall Limited

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Padox Wonderwall Limited

Directors and other information

Directors

Joakim Andersson
Daniel Jaffe
Wenda Adriaanse
Liia Nou

Secretary

Intetrust UK Limited

Registered office

1 Bartholomew Lane
London
United Kingdom
EC2N 2AX

Bankers

Handelsbanken

Solicitors

Freshfields Bruckhaus Deringer LLP
65 Fleet Street
London
EC4Y 1HT
England

Registered number

11555879

Padox Wonderwall Limited

Directors' report

The directors submit their annual report together with the unaudited financial statements of Padox Wonderwall Limited (the "Company") for the year ended 31 December 2020.

Principal activities, business review and future developments

The principal activity of the Company is the holding of Pandow Wonderwall Propco Limited, acquired on 1 November 2018. Padox Wonderwall Propco Limited was the operator of a leading hotel in the United Kingdom until 1 November 2018 when the operating assets were transferred to an independent hotel operator with the grant of an operating lease.

Principal risks and uncertainties

The Company's future operating performance will be affected by general economic, financial and business conditions, many of which are beyond the Company's control. The hotel industry's performance is closely aligned to the general economic environment. Therefore, a key risk facing the Company is adverse economic conditions. The Group has a low cost business model, charging its customers rates that vary depending on levels of demand. This reduces, though does not eliminate, the financial impact arising from such adverse conditions.

Results and dividends

The results of the Company for the year are set out in the profit and loss account on page 5 and in the related notes. No dividends were paid or proposed during the year (2019: Nil).

Directors and secretary and their interests

The names of the directors of the Company are set out on page 1.

The directors and secretary who held office at 31 December 2020 had no interests in the shares, loan stock or debentures of the Company or any other group undertaking.

Going concern

As at 31 December 2020, the Company had net liabilities of £1,400,324 and net current assets of £437,935 (2019: net liabilities of £679,637 and net current liabilities of £662,459). The Company is dependent upon its parent undertaking, Sech Holding AB, to enable it to continue for the foreseeable future. Sech Holding AB has confirmed that such support will remain available to the Company for the foreseeable future.

The directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Subsequent events

During 2020 Europe experienced a significant impact as a result of the worldwide pandemic relating to Coronavirus (Covid-19). As a result of this, the UK and Europe has faced a number of government enforced lockdowns in 2020 and based upon government advice hotels reduced operations which also continued in 2021. For the year ended 31 December 2020 and currently the hotel within the Group are operating

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significantly below the average capacity compared to 2019. Restrictions are forecast to reduce in the UK and the European countries later in 2021. However, restrictions on domestic and international travel are expected to remain.

The Company's subsidiary could therefore see a more prolonged period of below optimal hotel occupancy rates whilst demand for domestic and international travel remains subdued. The Company considers this outbreak to be a non-adjusting post balance sheet event. To date there have been no material impairments to assets within the group, however, this will be closely monitored during 2021 as trade resumes and future forecast demand and profits are more certain.

Under the current state of uncertainty, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Company. However, the coronavirus could impact the investments and loans outstanding of the subsidiary's investment property in the UK and could be affected by decreasing values of the investment property and pressure on rental income due to bankruptcies by the tenant or requested extensions and/or rent deductions requested by tenant. Hence, for the Company this could result in an impairment of the investments and loans outstanding of the subsidiary and it might result in lower dividend streams upwards.

The Company itself has sufficient liquidity to be able to pay its own expenses, which are limited to some general expenses the Company needs to make. The Company tries to limit the expenses as much as possible. In addition, the Company has not provided any guarantees towards its subsidiary and cannot be held liable for any debts of the subsidiary.

As a result, whilst uncertain, the directors do not believe, however, that the impact of the Covid-19 virus would have a material adverse effect on the financial condition or liquidity of the Company.

Basis of preparation

This report has been prepared in accordance with the provisions of Financial Reporting Standard 101 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland" and the Companies Act 2006.

The Financial Statements have been prepared under the historical cost convention.

Padox Wonderwall Limited

Strategic report exemption

The Company qualifies as a small company in accordance with sections 381-383 of the Companies Act 2006 (the "Act"). The directors' report has therefore been prepared taking into consideration the entitlement to small companies exemption provided in section 414B (as incorporated to the Act by the Strategic Report and Directors' Report Regulations 2013) and 415A of the Act.

On behalf of the board,

Joakim Andersson
Director



Daniel Jaffe
Director

June 18th 2021

*Company
number:*
11555879

Padox Wonderwall Limited

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

The directors are responsible for preparing the directors' report and 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 they have elected to prepare the financial statements in accordance with FRS 101 *Reduced Disclosure Framework*.

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 assets, liabilities and financial position of the Company and of its profit or loss 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 estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statement on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the financial statements comply with the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

For the financial year in question the Company was entitled to exemption under section 479A of the Companies Act 2006. No members have required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

On behalf of the board,

Joakim Andersson
Director



Daniel Jaffe
Director

June 18th 2021

Company
number:
11555879

Padox Wonderwall Limited

Profit and loss account for the year ended 31 December 2020

	Note	2020 £	2019 £
Administrative expenses	4	(25,219)	(25,401)
Operating loss		(25, 219)	(25,401)
Net finance cost	5	(864,394)	(813,780)
Result on ordinary activities before taxation		(889,613)	(839,181)
Income tax benefit	6	169,026	159,444
Result for the year		(720,587)	(679,737)

The accompanying notes are an integral part of these financial statements.

Padox Wonderwall Limited

Company number: 11555879

Balance sheet

as at 31 December 2020

	Note	2020 £	2019 £
Fixed assets	7		
Investment in subsidiaries		33,275,025	33,275,025
Related party loan		6,659,935	6,659,935
		39,934,960	39,934,960
Current assets			
Debtors	8	1,333,509	768,158
Cash and cash equivalents		4,322	9,54
Total current assets		1,337,831	777,698
Total assets		41,272,791	40,712,658
Creditors: amounts falling due within one year	9	-899,897	(1,440,157)
Total assets less current liabilities		40,372,895	39,272,501
Net current assets/liabilities		437,935	-662,459
Creditors: amounts falling in more than one year	10	(41,773,219)	(39,952,238)
Net assets/liabilities		(1,400,324)	-679,737
Capital and reserves			
Share capital	11	100	100
Retained earnings		-679,737	-
Result for the year		-720,587	-679,737
Shareholders' capital		(1,400,224)	-679,637

For the year ended 31 December 2020, the company was entitled to exemption from audit under s. 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the company to obtain an audit of its accounts for the period in question in accordance with s. 476. The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of the accounts.

On behalf of the board,

Joakim Andersson
Director



Daniel Jaffe
Director

June 18th 2021

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

	Share capital	Retained Earnings	Total
	£	£	£
At 1 December 2019	100		100
	<hr/>	<hr/>	<hr/>
<i>Comprehensive income</i>			
Result for the year	-	(679,737)	(679,737)
	<hr/>	<hr/>	<hr/>
At 31 December 2019	100	(679,737)	(679,637)
	<hr/>	<hr/>	<hr/>
Comprehensive income			
Result for the year	-	(720,587)	(720,587)
	<hr/>	<hr/>	<hr/>
At 31 December 2020	100	(1,400,324)	(1,400 224)
	<hr/>	<hr/>	<hr/>

The accompanying notes form part of these financial statements.

Padox Wonderwall Limited

Notes

forming part of the financial statements

1 Reporting entity and accounting policies

Padox Wonderwall Limited is a company incorporated in the United Kingdom. The Company's registered office is 1 Bartholomew Lane, London, United Kingdom, EC2N 2AX. The registered number is 11555879.

2 Accounting policies

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("EU IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2014 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

In these financial statements, the Company has adopted certain disclosure exemptions available under FRS 101. These include:

- a cash flow statement and related notes;
- disclosures in respect of the compensation of key management personnel;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- certain comparative information; and
- the effects of new but not yet effective IFRSs.

The Company has taken advantage of the exemption under Companies Act 2006 section 479C which states that a company is exempt from the requirement to prepare audited accounts if its parent company provides a guarantee of the Company's liabilities.

The Company's immediate parent is Sech Holding AB, company number 556819-2214, registered in Sweden. The sole member has expressed agreement of the Company taking the audit exemption under section 479A of the Companies Act 2006.

Padox Aktiebolag (the "Ultimate Controlling Party"), a publicly traded company registered in Sweden produces consolidated financial statements under IFRS which are available for public use at their registered address, SE-101 20 Stockholm, Sweden, Vasagatan 11, 9th floor. Padox Aktiebolag guarantees all liabilities of the Company relating to the financial year ending 31 December 2019 under section 479C - Audit exemption for a subsidiary company, of the Companies Act 2006.

Basis of measurement

These financial statements have been prepared on the historical cost basis.

Padox Wonderwall Limited

Notes *(continued)*

2 Accounting policies *(continued)*

Functional currency

These financial statements are presented in Sterling, being the functional currency of the Company. All financial information presented in Sterling has been rounded to the nearest dollar, except where otherwise stated

Going concern

As at 31 December 2020, the Company had net liabilities of £1,400,324 and net current assets of £437,935 (2019: net liabilities of £679,637 and net current liabilities of £662,459). The Company is dependent upon its parent undertaking, Sech Holding AB, to enable it to continue for the foreseeable future. Sech Holding AB has confirmed that such support will remain available to the Company for the foreseeable future.

The directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Finance income and finance costs

The Company's finance income and finance costs include:

- interest expense;
- interest income;
- the foreign currency gain or loss on financial assets and financial liabilities; and
- the net gain or loss on hedging instruments that are recognised in profit or loss.

Interest income or expenses is recognised using the effective interest method.

Tax

Income tax expense comprises current and deferred tax. It is recognised in the profit and loss account except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or directly in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates and laws that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: those differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that the Company is able to control the timing of reversal and it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

2 Accounting policies (*continued*)

Tax (*continued*)

A deferred tax asset is recognised to the extent that it is probable future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument and are derecognised on the date it ceases to be party, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction such that substantially all the risks and rewards of ownership of the financial asset are transferred.

The Company's financial instruments comprise a deemed loan to the originator, cash and liquid resources, borrowings and various receivables and payables that arise from its operation. These financial instruments are classified as described below:

Trade and other receivables

Trade and other receivables are measured at their nominal amount less any allowance for doubtful amounts. An allowance is made when collection of the full amount is no longer considered probable.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on demand deposits.

2 Accounting policies (continued)

Provisions and contingent liabilities

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of that outflow can be measured reliably. If the effect is material, provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of an outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of an outflow of economic benefits is remote.

Use of estimates and judgements

The reported results of the Company for the year to 31 December 2020 are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. The Company's principal accounting policies are set out above. The preparation of financial statements requires the directors, in preparing the Company's financial statements, to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable and prudent.

Fair value of financial instruments

Where the fair value of financial assets and liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined by using valuation techniques and counterparty valuations or discounted cash flows models. The inputs to such models are taken from observable markets where possible but where this is not feasible, a degree of judgement is required in establishing fair values. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

3 Staff numbers and costs

The average number of persons, including executive directors, employed by the Company, during the year was Nil (2019: Nil). There was no payroll costs incurred in the year (2019: Nil).

4	Administrative expenses	2020 £	2019 £
	Bookkeeping fees	(22,450)	(17,227)
	Others	(2,769)	(8,174)
		<u>(25,219)</u>	<u>(25,401)</u>

5	Net finance cost	2020 £	2019 £
	Finance costs		
	Interest on shareholder loan	(864,394)	(1,420,981)
		<u>(864,394)</u>	<u>(1,420,981)</u>
	Finance income		
	Interest on loan to subsidiary	-	607,201
		<u>-</u>	<u>607,201</u>
	Net finance cost	<u>(864,394)</u>	<u>(813,780)</u>

6	Income tax benefit	2020	2019
		£	£
	(a) Reconciliation to total tax		
	Result on ordinary activities before taxation	(889,613)	(839,181)
		<u> </u>	<u> </u>
	Result on ordinary activities at standard corporation tax rate 19% (2019:19%)	-	-
	Temporary differences not recognised for deferred tax purposes	169,026	159,444
		<u> </u>	<u> </u>
		<u>169,026</u>	<u>159,444</u>

7	Financial assets	2020 £	2019 £
	Investment in subsidiaries	33,275,025	33,275,025
	Loan to a related party	6,659,935	6,659,935
		<u>39,934,960</u>	<u>39,934,960</u>
		2020 £	2019 £
	<i>Investment in subsidiaries</i>		
	At beginning of year	33,275,025	31,962,303
	Additions	-	1,312,722
		<u>33,275,025</u>	<u>33,275,025</u>
	At end of year	33,275,025	33,275,025
		2020 £	2019 £
	<i>Loan to a related party</i>		
	At beginning of year	6,659,935	71,075,133
	(Repayment) / additions	-	(64,415,198)
		<u>6,659,935</u>	<u>6,659,935</u>
	At end of year	6,659,935	6,659,935

At 31 December 2020 the carrying amount of the investment in subsidiary undertakings was reviewed for impairment in accordance with our accounting policies. No impairment loss was recognised in 2020 (2019: Nil).

8	Debtors	2020	2019
		£	£
	Amounts owed by group undertakings	998,393	607,201
	Income tax receivable	328,470	159,444
	VAT receivable	6,646	1,513
		<hr/>	<hr/>
		1,333,509	768,158
		<hr/>	<hr/>

Amounts due to group undertakings are repayable on demand and are non interest bearing

9	Creditors: amounts falling due within one year	2020	2019
		£	£
	Amounts due to group undertakings	864,394	1,420,981
	Accrued expenses	12,500	12,500
	Other payables	23,003	6,676
	Loan from a related party	-	-
	Loan from parent company	-	-
		<hr/>	<hr/>
		899,897	1,440,157
		<hr/>	<hr/>

Amounts due to group undertakings are repayable on demand and are non interest bearing.

During the year, the Company repaid loans from a related party and parent company.

10	Creditors: amounts falling due in more than one year	2020	2019
		£	£
	At beginning of year	39,952,238	101,554,238
	Additions	1,820,981	700,000
	Repayment	-	(62,302,000)
		<u> </u>	<u> </u>
	At end of year	41,773,219	39,952,238
		<u> </u>	<u> </u>

The debt to group companies relates to intercompany loans and accrued capitalized interest with Sech Holding AB. The interest bearing loan with Sech Holding AB has a maturity date at December 19, 2027 at the latest but may be repaid earlier by the Company at any time, or should be repaid earlier in case intermediate requests so by written demand.

11	Share capital	2020	2019
		£	£
	<i>Authorised</i>		
	100 ordinary shares of £1 each	100	100
		<u> </u>	<u> </u>
	At end of year	100	100
		<u> </u>	<u> </u>
	<i>Allotted, called up and fully paid</i>		
	100 ordinary shares of £1 issued and fully paid	100	100
		<u> </u>	<u> </u>
	At end of year	100	100
		<u> </u>	<u> </u>

During the year ended 31 December 2018 100 fully paid ordinary share of EUR 1 was issued for cash at a total subscription price of £100.

11 Share capital (continued)

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All rights associated with Company's shares held by the Group are suspended until those shares are reissued.

12 Commitments

The Company has no commitments under contractual arrangements (2019: Nil).

13 Group relationships and controlling parties

The Company's immediate parent is Sech Holding AB, company number 556819-2214, registered in Sweden.

The ultimate controlling party is Pandox Aktiebolag, a publicly traded company registered in Sweden.

14 Related parties

The Company has availed of the exemptions available in FRS 101 from disclosing transactions entered into between two or more members of a group and also key management personnel compensation disclosures.

There were no other related party transactions.

15 Subsequent events

During 2020 Europe experienced a significant impact as a result of the worldwide pandemic relating to Coronavirus (Covid-19). As a result of this, the UK and Europe has faced a number of government enforced lockdowns in 2020 and based upon government advice hotels reduced operations which also continued in 2021. For the year ended 31 December 2020 and currently the hotel within the Group are operating significantly below the average capacity compared to 2019. Restrictions are forecast to reduce in the UK and the European countries later in 2021. However, restrictions on domestic and international travel are expected to remain.

The Company's subsidiary could therefore see a more prolonged period of below optimal hotel occupancy rates whilst demand for domestic and international travel remains subdued. To date there have been no material impairments to assets within the group, however, this will be closely monitored during 2021 as trade resumes and future forecast demand and profits are more certain.

16 Approval of financial statements

The financial statements were approved by the directors on June 18th 2021.