

**BHL Global Limited (formerly
Britannia Hospitality Limited)**

Annual Report and Financial Statements

year Ended

31 December 2019

Company Number 06766834

BHL Global Limited (formerly Britannia Hospitality Limited)

Company Information

Directors	M H Bakr-Ibrahim L R Lambert
Registered number	06766834
Registered office	16-18 St. James's Place London SW1A 1NJ
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU

BHL Global Limited (formerly Britannia Hospitality Limited)

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BHL Global Limited (formerly Britannia Hospitality Limited)

Group Strategic Report for the Year Ended 31 December 2019

The directors present their report together with the audited financial statements for the year ended 31 December 2019.

Financial review

This year occupancies were very similar to the previous year; however, we build on our average rate once again, and achieved a 34% increase year on year. This has resulted in a higher Revenue per Available Room, which has subsequently resulted in increased overall Revenues and profitability.

With all of our media exposure and marketing efforts, Food and Beverage saw a solid increase year on year. The success of The Game Bird restaurant continued in 2019, which in turn assists the American Bar performance. The F&B revenues increased by 9% year on year.

In 2019 we refurbished all bedrooms on the 6th floor, with the 4th and 5th floor being refurbished in Q1 of 2020.

Key performance indicators

Turnover from continuing operation (£m)	2019 23.7m	2018 £17.7m
Hotel occupancy	77%	78.2%
Average room rate (£)	428	394
RevPAR (Revenue per available room) (£)	328	308

Principal risks and uncertainties

This section describes some of the risks that could affect the group's business activities. Not all potential risks are listed but those that, in the opinion in the board, could have a material effect on revenues, profits, net assets and financial resources.

Events that adversely impact domestic or international travel

The ability to sustain given levels of occupancy and room rates can be adversely affected by events that reduce domestic and international travel. Such events may include acts of terrorism, epidemics, natural disasters, increased cost of travel and industrial action. The group has in place contingency and recovery plans to enable it to respond to major incidents.

Key personnel

Implementation of the group's strategy depends on its ability to attract, develop and retain employees with the appropriate skills, experience and aptitude. Implementation and development of a company induction scheme as well as ongoing training and development combined with attractive compensation, benefit and incentive schemes all help to minimise the risk.

Information technology systems and infrastructure

The group invests in systems that are appropriate to the business so as to maximise client relationship management, provide effective communication internally and externally and provide comprehensive reporting capabilities with suitable levels of security and data protection. The monitoring and development of such systems are out-sourced to provide continuity and a cost effective solution.

BHL Global Limited (formerly Britannia Hospitality Limited)

Group Strategic Report (continued) for the Year Ended 31 December 2019

Financial risk management

The group's operations expose it to a variety of financial risks that include the effects of changes in price risk, treasury risk, credit risk, liquidity and cash flow risk.

Price risk - The hotel industry supply and demand cycle

The hotel industry operates in an inherently cyclical market place. A weakening in demand or an increase in market supply may lead to downward pressure on room rates and/or occupancies. The group has systems in place that are designed to minimise the impact of such fluctuations as far as possible to optimise operating profits.

Treasury risk

In view of the group's exposure to upward fluctuations in interest rates, hedging instruments are used to minimise the potential impact on profitability.

Credit risk - The ability to borrow and satisfy debt covenants

The group utilises facilities provided by its bankers to fund its operational and refurbishment programmes. The provision of such funds is dependent upon their availability in the market place and the perception of the group's ability to service such facilities. The facilities available are subject to debt covenants. These are reviewed regularly by management to ensure compliance throughout the year. The directors are confident that the group will continue to be able to secure these funds when required.

Liquidity and cash flow risk

The group manages liquidity risk by maintaining adequate reserves and by monitoring forecast and actual cash flows. The group's loan facility ensures continuity of funding.

Other key performance indicators

The group finances its assets and operations using retained earnings, group funding and bank borrowings. The group is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures.

The group's financial risk management objective is to hedge its exposure to currency and interest rate risks through appropriate derivative instruments with the group's bankers.

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



.....
M H Bakr-Ibrahim
Director

Date: 30 April 2021

BHL Global Limited (formerly Britannia Hospitality Limited)

Directors' Report for the Year Ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Principal activity

The principal activity of the group in the year under review, which has remained unchanged during the financial year, was that of luxury hoteliers.

The group will continue to own and manage the hotel.

Results and dividends

The loss for the year, after taxation, amounted to £4,864k (2018 - £1,371k).

The recommendation is for no dividend payment to be made (2018 - £Nil).

Directors

The directors who served during the year were:

M H Bakr-Ibrahim
M L Armitstead (resigned 2 March 2020)
L R Lambert (appointed 2 March 2020)

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, the directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Engagement with employees

The group places considerable value on the involvement of its employees, and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

BHL Global Limited (formerly Britannia Hospitality Limited)

Directors' Report (continued) for the Year Ended 31 December 2019

Engagement with suppliers, customers and others

We seek to grow our business organically and sustainably by acquiring new clients, retaining existing ones, and increasing our share of their trading spend. To achieve this, we put our clients' interests first and aim to provide them with a high value service that yields incremental value as the relationship (and our service offering) matures.

Our suppliers play a key part in enabling us to deliver a leading level of service to our clients by amplifying our capabilities and efficiencies. We seek to choose the best products and services to meet our requirements, and then develop strong, long-term relationships with the suppliers that provide them, in order to create strong and enduring mutual value over time. We regularly look for ways to support our suppliers beyond simply providing our custom, whether through providing testimonials, sharing knowledge or recommending them to others we work with. Ensuring that the firm uses the most appropriate third-party vendors, to promote the interests of its clients and that of the shareholder, a robust review process is undertaken prior to the commencement of any relationship with a third-party supplier and this is then periodically reviewed to ensure ongoing suitability.

Disabled employees

The group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it.

The group's HR procedures make clear that full and fair consideration must be given to applications made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the group. The HR procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the group. Retraining of employees who become disabled whilst employed by the group is offered where appropriate.

Qualifying third party indemnity provisions

The company has put in place qualifying third party indemnity provisions for all of the directors of Britannia Hospitality Limited.

Going concern

Due to the impact of the economy in general and our business area in particular, the Directors have prepared, monitored, and constantly reviewed financial plans and forecasts, which have been amended to include the impact of known changes in activities, and will continue to review these budgets and forecasts as the situation progresses.

They have taken swift action as described above to adapt to the changes in the industry and have also taken advantage of government initiatives including furlough, as well as additional financial arrangements with its bank.

The group companies closely monitor its cost base and cashflow and has worked amicably with all suppliers through the prolonged periods of closure as a result of the pandemic.

The Directors are very optimistic that with an improved valuation and with new borrowings from its bank (whilst still maintaining manageable Loan to Value) that they have sufficient resources available to be able to meet all liabilities as they fall due and to be able to continue to trade for a period of at least 12 months from signing these accounts.

Matters covered in the strategic report

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report of pages 1 - 3.

BHL Global Limited (formerly Britannia Hospitality Limited)

Directors' Report (continued) for the Year Ended 31 December 2019

Post balance sheet events

Since 31 December 2019, the outbreak of the pandemic COVID-19 has had an economic effect across all sectors. The Directors has prepared, monitored and constantly reviewed financial plans and forecasts, which have been amended to include the impact of known changes in activities, and will continue to review these budgets and forecasts as the situation progresses.

Due to the uncertainty involved and the unprecedented nature of the challenges posed by the coronavirus situation, the Directors are of the opinion that continual monitoring of the financial impact of the COVID-19 pandemic is crucial to the future of the Group. Senior management have been quick to take action to mitigate detrimental effects on the Group and its shareholders, ensuring staff have been able to work remotely when appropriate in a safe environment.

In preparing amended budgets and forecasts for the financial years ending December 2020 and 2021 after considering all potential impacts of the pandemic ("stress testing existing budgets"), including taking advantage of government initiatives including furlough, as well as obtaining enhanced financial arrangements with credit providers, the Directors believe that the group has sufficient working capital to enable it to continue to operate and ensure the future viability of the group, in accordance with the Going Concern policy in Note 2.3 to these accounts.

In December 2020 the bank loan facility was extended by a further £5m to £69m. See note 17 for details of the loan.

Subsequent to the year end, The Stafford Hotel was valued by Colliers Property Consultants Limited for HSBC UK Bank PLC at £142m.

Disclosure of information to auditors

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

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

Auditors

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

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



.....
M H Bakr-Ibrahim
Director

Date: 30 April 2021

BHL Global Limited (formerly Britannia Hospitality Limited)

Independent Auditors' Report to the Members of BHL Global Limited (formerly Britannia Hospitality Limited)

Opinion

We have audited the financial statements of Britannia Hospitality Limited (“the parent company”) and its subsidiaries (“the group”) for the year ended 31 December 2019 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated statement of cash flows 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 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the group and of the parent company’s affairs as at 31 December 2019 and of the group’s loss 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.

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.

BHL Global Limited (formerly Britannia Hospitality Limited)

Independent Auditors' Report to the Members of BHL Global Limited (formerly Britannia Hospitality Limited) (continued)

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.

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and director's 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 parent company 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, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

BHL Global Limited (formerly Britannia Hospitality Limited)

Independent Auditors' Report to the Members of BHL Global Limited (formerly Britannia Hospitality Limited) (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.

A further description of our responsibilities for the audit of the financial statements is located at 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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Gareth M Jones FCA (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

Date: 30 April 2021

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

BHL Global Limited (formerly Britannia Hospitality Limited)

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2019

	Note	2019 £000	2018 £000
Turnover	4	23,618	17,669
Cost of sales		(16,640)	(13,220)
Gross profit		6,978	4,449
Administrative expenses		(7,169)	(1,897)
Operating (loss)/profit	5	(191)	2,552
Interest payable and expenses	8	(4,685)	(4,109)
Loss before tax		(4,876)	(1,557)
Tax on loss	9	12	186
Loss for the financial year		(4,864)	(1,371)
Other comprehensive income		(519)	-
Total comprehensive loss for the year		(5,383)	(1,371)

The notes on pages 15 to 36 form part of these financial statements.

BHL Global Limited (formerly Britannia Hospitality Limited)

Registered number:06766834

Consolidated Statement of Financial Position as at 31 December 2019

	Note	2019 £000	2018 £000
Fixed assets			
Intangible assets	10	729	803
Negative goodwill	10	(1,179)	-
Tangible assets	11	95,057	87,802
		<u>94,607</u>	<u>88,605</u>
Current assets			
Stocks	13	408	234
Debtors	14	3,121	1,504
Cash and cash equivalents		9,204	2,735
		<u>12,733</u>	<u>4,473</u>
Creditors: amounts falling due within one year	15	(7,071)	(3,010)
Net current assets		<u>5,662</u>	<u>1,463</u>
Total assets less current liabilities		<u>100,269</u>	<u>90,068</u>
Creditors: amounts falling due after more than one year	16	(116,267)	(100,713)
Provisions for liabilities			
Deferred tax	20	(2,233)	(2,203)
Net liabilities		<u>(18,231)</u>	<u>(12,848)</u>
Capital and reserves			
Share capital	21	-	-
Revaluation reserve	22	8,439	8,439
Profit and loss account	22	(26,670)	(21,287)
		<u>(18,231)</u>	<u>(12,848)</u>

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



.....
M H Bakr-Ibrahim
Director

Date: 30 April 2021

The notes on pages 15 to 36 form part of these financial statements.

BHL Global Limited (formerly Britannia Hospitality Limited)

Registered number:06766834

Company Statement of Financial Position as at 31 December 2019

	Note	2019 £000	2018 £000
Fixed assets			
Investments	12	40,461	36,930
Current assets			
Cash and cash equivalents	3	251	
Creditors: amounts falling due within one year	15	(16,626)	(7,359)
Net current liabilities		(16,623)	(7,108)
Total assets less current liabilities		23,838	29,822
Creditors: amounts falling due after more than one year	16	(53,449)	(54,541)
Net liabilities		(29,611)	(24,719)
Capital and reserves			
Share capital	21	-	-
Profit and loss account	22	(29,611)	(24,719)
		(29,611)	(24,719)

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of the company for the year was £4,373,000 (2018 - £3,020,000).

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



.....
M H Bakr-Ibrahim
Director

Date: 30 April 2021

The notes on pages 15 to 36 form part of these financial statements.

BHL Global Limited (formerly Britannia Hospitality Limited)

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2019

	Revaluation reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2018	8,439	(19,916)	(11,477)
Loss and total comprehensive loss for the year	-	(1,371)	(1,371)
At 1 January 2019	8,439	(21,287)	(12,848)
Loss and total comprehensive loss for the year	-	(4,864)	(4,864)
Cashflow hedge reserve	-	(519)	(519)
At 31 December 2019	8,439	(26,670)	(18,231)

BHL Global Limited (formerly Britannia Hospitality Limited)

Company Statement of Changes in Equity for the Year Ended 31 December 2019

	Profit and loss account £000	Total equity £000
At 1 January 2018	(21,699)	(21,699)
Loss and total comprehensive loss for the year	(3,020)	(3,020)
At 1 January 2019	(24,719)	(24,719)
Loss and total comprehensive loss for the year	(4,373)	(4,373)
Cashflow hedge reserve	(519)	(519)
At 31 December 2019	(29,611)	(29,611)

BHL Global Limited (formerly Britannia Hospitality Limited)

Consolidated Statement of Cash Flows for the Year Ended 31 December 2019

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Loss for the financial year		(4,864)	(1,371)
Adjustments for:			
Amortisation of intangible assets		17	74
Depreciation of tangible assets		2,711	1,724
Loss on disposal of tangible assets		19	-
Taxation charge		(12)	(186)
Increase in stocks		60	(17)
Increase in debtors		(1,345)	(265)
Decrease in creditors		(1,622)	(103)
Interest paid		4,685	4,109
UK Taxation paid		(99)	-
Net cash (used in)/generated from operating activities		(450)	3,965
Cash flows from investing activities			
Purchase of intangible fixed assets		-	(1,059)
Purchase of tangible fixed assets		(4,374)	-
Sale of tangible fixed assets		4	-
Business combination cash paid on acquisition		(500)	-
Cash acquired on acquisition of subsidiaries		170	-
Net cash used in investing activities		(4,700)	(1,059)
Cash flows from financing activities			
New secured loans		16,304	3,300
Interest paid		(4,685)	(3,980)
Net cash generated from/(used in) financing activities		11,619	(680)
Net increase in cash and cash equivalents		6,469	2,226
Cash and cash equivalents at beginning of year		2,735	509
Cash and cash equivalents at the end of year		9,204	2,735
Cash and cash equivalents at the end of year comprise:			
Cash and cash equivalents		9,204	2,735
		9,204	2,735

BHL Global Limited (formerly Britannia Hospitality Limited)

Notes to the Financial Statements for the Year Ended 31 December 2019

1. General information

Britannia Hospitality Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The registered office is given on the company information page and the nature of the companies operations and principal activity are set out in the directors report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No statement of cash flows has been presented for the parent company
- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and parent company would be identical.
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

2.3 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

BHL Global Limited (formerly Britannia Hospitality Limited)

Notes to the Financial Statements for the Year Ended 31 December 2019

2. Accounting policies (continued)

2.4 Going concern

Due to the impact of the economy in general and our business area in particular, the Directors have prepared, monitored, and constantly reviewed financial plans and forecasts, which have been amended to include the impact of known changes in activities, and will continue to review these budgets and forecasts as the situation progresses.

They have taken swift action as described above to adapt to the changes in the industry and have also taken advantage of government initiatives including furlough, as well as additional financial arrangements with its bank.

The group companies closely monitor its cost base and cashflow and has worked amicably with all suppliers through the prolonged periods of closure as a result of the pandemic.

The Directors are very optimistic that with an improved valuation and with new borrowings from its bank (whilst still maintaining manageable Loan to Value) that they have sufficient resources available to be able to meet all liabilities as they fall due and to be able to continue to trade for a period of at least 12 months from signing these accounts.

2.5 Turnover

Turnover represents amounts receivable for accommodation, food and beverage sales and ancillary hotel services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Turnover is recognised at the point at which goods and services are delivered to the customer. Deposits which have been received at the balance sheet date for which services have not yet been provided are shown in prepayments in advance with creditors.

2.6 Intangible assets

Goodwill and negative goodwill

Goodwill and negative goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill and negative goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill and negative goodwill amortisation is calculated by applying the straight-line method to its estimated useful life of 20 years.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

BHL Global Limited (formerly Britannia Hospitality Limited)

Notes to the Financial Statements for the Year Ended 31 December 2019

2. Accounting policies (continued)

2.7 Tangible fixed assets

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

At each reporting date the group assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the consolidated statement of comprehensive income during the period in which they are incurred.

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

The estimated useful lives range as follows:

Plant and machinery	- 8% - 34% straight line
Motor vehicles	- 5 years
Fixtures and fittings	- 3 to 16 years
Computer equipment	- 20% - 65% straight line
Work in progress	- not depreciated

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

Freehold property comprises a property revalued previously by external valuers every five years and the valuation has been reflected in the financial statements as at 31 December 2013 and is treated as deemed cost in accordance with the transitional rules of FRS102. The surplus on book value has been transferred to the revaluation reserve. Freehold building is not depreciated as the residual value of the asset is expected to be at least the book amount.

2.8 Valuation of investments

Investments in shares in subsidiary undertaking, which have been classified as fixed asset investments as the group intends to hold them on a continuing basis, is measured at cost less accumulated impairment. Any such impairment is taken to the consolidated statement of comprehensive income in the period.

BHL Global Limited (formerly Britannia Hospitality Limited)

Notes to the Financial Statements for the Year Ended 31 December 2019

2. Accounting policies (continued)

2.9 Stocks

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

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of comprehensive income.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.11 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.

2.12 Creditors

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

2.13 Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 consolidated statement of comprehensive income.

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 of the recoverable amount, which is an approximation of the amount that the group 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

BHL Global Limited (formerly Britannia Hospitality Limited)

Notes to the Financial Statements for the Year Ended 31 December 2019

2. Accounting policies (continued)

2.13 Financial instruments (continued)

intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in consolidated statement of comprehensive income in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.14 Hedge accounting

The group uses variable to fixed interest rate swaps to manage its exposure to fair value risk on its bank loan. These derivatives are measured at fair value at each balance sheet date.

To the extent the cash flow hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the year.

Gains and losses on the hedging instruments and the hedged items are recognised in profit or loss for the year. When a hedged item is an unrecognised firm commitment, the cumulative hedging gain or loss on the hedged item is recognised as an asset or liability with a corresponding gain or loss recognised in the consolidated statement of comprehensive income.

2.15 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

BHL Global Limited (formerly Britannia Hospitality Limited)

Notes to the Financial Statements for the Year Ended 31 December 2019

2. Accounting policies (continued)

2.16 Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

2.17 Finance costs

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

2.18 Leases

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.19 Pensions

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the consolidated statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

2.20 Provisions for liabilities

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

Provisions are charged as an expense to the consolidated statement of comprehensive income in the year that the group becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

BHL Global Limited (formerly Britannia Hospitality Limited)

Notes to the Financial Statements for the Year Ended 31 December 2019

2. Accounting policies (continued)

2.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

BHL Global Limited (formerly Britannia Hospitality Limited)

Notes to the Financial Statements for the Year Ended 31 December 2019

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

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the group as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risk and rewards of ownership have been transferred from lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment by the group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 11)

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors such as technological innovation, product life cycles and maintenance programmes. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Impairment on intercompany debtors

To determine whether there is objective evidence of impairment of inter company debtors. In assessing whether an impairment is required, the directors have analysed historic aged debt and outstanding amounts. This analysis is then used by the directors when judging whether an impairment is required.

4. Turnover

The whole of the turnover is attributable to one principal activity of the group, being that of the operation of hotels in London and Lancashire.

All turnover arose within the United Kingdom.

5. Operating (loss)/profit

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

	2019	2018
	£000	£000
Depreciation of tangible fixed assets	2,711	1,724
Loss on disposal of tangible fixed assets	19	-
Amortisation of intangible assets, including goodwill	17	74
Fees payable to the group's auditor for the audit of the company's annual financial statements	83	36
Defined contribution pension cost	167	101
	<u> </u>	<u> </u>

BHL Global Limited (formerly Britannia Hospitality Limited)

Notes to the Financial Statements for the Year Ended 31 December 2019

6. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2019 £000	Group 2018 £000
Wages and salaries	4,870	4,492
Social security costs	647	429
Cost of defined contribution scheme	167	101
	<u>5,684</u>	<u>5,022</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Administrative and hotel staff	161	161
Management staff	13	11
	<u>174</u>	<u>172</u>

7. Directors' remuneration

	2019 £000	2018 £000
Directors' emoluments	249	227

The highest paid director received remuneration of £150,000 (2018 - £143,000).

There were no directors in the group's defined contribution pension scheme (2018 - Nil).

8. Interest payable and similar charges

	2019 £000	2018 £000
Bank interest payable	1,985	1,434
Amortisation of debt issue costs	100	119
Interest on loan notes	2,600	2,537
Fair value movements	-	19
	<u>4,685</u>	<u>4,109</u>

BHL Global Limited (formerly Britannia Hospitality Limited)

Notes to the Financial Statements for the Year Ended 31 December 2019

9. Taxation

	2019 £000	2018 £000
Corporation tax		
Current tax on losses for the year	(42)	270
Total current tax	<u>(42)</u>	<u>270</u>
Deferred tax		
Origination and reversal of timing differences	30	(456)
Total deferred tax	<u>30</u>	<u>(456)</u>
Taxation on loss on ordinary activities	<u>(12)</u>	<u>(186)</u>

Factors affecting tax credit for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Loss on ordinary activities before tax	<u>(4,876)</u>	<u>(1,557)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(348)	(296)
Effects of:		
Expenses not deductible for tax purposes	199	416
Fixed asset differences	179	100
Deferred tax not recognised	-	(24)
Adjustments to tax charge in respect of prior periods	30	-
Additional deduction for land remediation expenditure	1	-
Current tax - other	(77)	-
Other movements	4	-
Indexation relief	-	(433)
Effect of rate changes	-	51
Total tax charge/(credit) for the year	<u>(12)</u>	<u>(186)</u>

BHL Global Limited (formerly Britannia Hospitality Limited)

Notes to the Financial Statements for the Year Ended 31 December 2019

9. Taxation (continued)

Factors that may affect future tax charges

The U.K. government announced in its budget on 11 March 2020 that the U.K. corporation tax main rate, which was due to decrease from 19% to 17% from 1 April 2020, will now remain at 19%. This will result in the U.K. corporation tax rate applicable to the company remaining at 19% from 1 April 2020.

10. Intangible assets

Group

	Goodwill £000	Negative goodwill £000
Cost		
At 1 January 2019	1,479	-
Additions	-	(1,236)
At 31 December 2019	<u>1,479</u>	<u>(1,236)</u>
Amortisation		
At 1 January 2019	676	-
Charge for the year	74	(57)
At 31 December 2019	<u>750</u>	<u>(57)</u>
Net book value		
At 31 December 2019	<u>729</u>	<u>(1,179)</u>
At 31 December 2018	<u>803</u>	<u>-</u>

BHL Global Limited (formerly Britannia Hospitality Limited)

Notes to the Financial Statements for the Year Ended 31 December 2019

11. Tangible fixed assets

Group

	Land and buildings £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Work in progress £000	Total £000
Cost or valuation							
At 1 January 2019	82,965	-	20	16,145	-	3	99,133
Additions	91	12	-	4,208	55	8	4,374
Disposals	-	(3)	-	-	(1)	-	(4)
On acquisition of subsidiaries	4,864	168	-	524	40	-	5,596
At 31 December 2019	<u>87,920</u>	<u>177</u>	<u>20</u>	<u>20,877</u>	<u>94</u>	<u>11</u>	<u>109,099</u>
Depreciation							
At 1 January 2019	-	-	20	11,311	-	-	11,331
Charge for the year	-	39	-	2,647	25	-	2,711
At 31 December 2019	<u>-</u>	<u>39</u>	<u>20</u>	<u>13,958</u>	<u>25</u>	<u>-</u>	<u>14,042</u>
Net book value							
At 31 December 2019	<u>87,920</u>	<u>138</u>	<u>-</u>	<u>6,919</u>	<u>69</u>	<u>11</u>	<u>95,057</u>
At 31 December 2018	<u>82,965</u>	<u>-</u>	<u>-</u>	<u>4,834</u>	<u>-</u>	<u>3</u>	<u>87,802</u>

BHL Global Limited (formerly Britannia Hospitality Limited)

Notes to the Financial Statements for the Year Ended 31 December 2019

11. Tangible fixed assets (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2019	2018
	£000	£000
Group		
Cost	36,620	36,620
Accumulated depreciation	-	-
Net book value	36,620	36,620

The Stafford Hotel was valued at 8 April 2013 by Cushman & Wakefield, an external firm of consultant surveyors and valuers, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors, on an existing use basis as a fully equipped operational entity. The valuation has been reflected in the financial statements as at 1 January 2014 and is treated as deemed cost in accordance with the transitional provision of FRS102.

Subsequent to the year end, The Stafford Hotel was valued by Colliers Property Consultants Limited for HSBC UK Bank PLC at £142m.

BHL Global Limited (formerly Britannia Hospitality Limited)

Notes to the Financial Statements for the Year Ended 31 December 2019

12. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2019	36,930
Additions	3,531
At 31 December 2019	<u>40,461</u>
Net book value	
At 31 December 2019	<u>40,461</u>
At 31 December 2018	<u>36,930</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of share	Principal activity	Holding
The Stafford Hotel Limited	Ordinary	Operating of a hotel in London	100%
Gingerbery Investments Limited	Ordinary	Operating of a restaurant in London	100%
Northcote Hotel Limited	Ordinary	Operating of a hotel in Lancashire	100%
Cafe Northcote Limited	Ordinary	Operating of a cafe in Lancashire	100%

The registered office of all subsidiaries is 16-18 St James Place, London, SW1A 1NJ.

BHL Global Limited (formerly Britannia Hospitality Limited)

Notes to the Financial Statements for the Year Ended 31 December 2019

13. Stocks

	Group 2019 £000	Group 2018 £000
Consumables	408	234

The consumables consist of food and beverage, merchandise for sale, housekeeping and maintenance materials. The directors are of the opinion that the replacement costs of these stocks is not significantly difference to their carrying value.

14. Debtors

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Trade debtors	1,928	1,082	-	-
Amounts owed by related parties	21	-	-	-
Other debtors	531	87	-	-
Prepayments and accrued income	641	335	-	-
	<u>3,121</u>	<u>1,504</u>	<u>-</u>	<u>-</u>

Amounts owed by related parties are unsecured, interest free and repayable on demand.

15. Creditors: Amounts falling due within one year

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Bank loans (see note 17)	750	-	-	-
Trade creditors	2,294	764	-	-
Amounts owed to group undertakings	90	248	16,108	7,359
Corporation tax	153	270	-	-
Other taxation and social security	927	687	-	-
Other creditors	1,711	114	518	-
Accruals and deferred income	1,146	927	-	-
	<u>7,071</u>	<u>3,010</u>	<u>16,626</u>	<u>7,359</u>

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

Included within other creditors is £519,479 (2018 - £Nil) in respect of an interest rate swap over £45,000,000 of the £64,000,000 bank loan detailed in note 17. The interest rate swap takes the variable rate of interest over this element of the loan of 3 month GBP LIBOR plus 2.5% and fixes it at 3.6%.

BHL Global Limited (formerly Britannia Hospitality Limited)

Notes to the Financial Statements for the Year Ended 31 December 2019

16. Creditors: Amounts falling due after more than one year

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Bank loans (see note 17)	62,818	46,173	-	-
Loan notes to WARM Foundation	53,449	53,718	53,449	53,719
Interest payable on loan notes	-	822	-	822
	<u>116,267</u>	<u>100,713</u>	<u>53,449</u>	<u>54,541</u>

The loan notes (listed on the Chanel Island Stock Exchange) are repayable on 31 December 2025. These notes bear interest at 4% plus LIBOR. The loan notes are all held by the ultimate parent undertaking. See note 17 details of the bank loans.

BHL Global Limited (formerly Britannia Hospitality Limited)

Notes to the Financial Statements for the Year Ended 31 December 2019

17. Loans

Analysis of maturity of loans is given below:

	Group 2019 £000	Group 2018 £000
Amounts falling due within one year		
Bank loans	750	-
	<u>750</u>	<u>-</u>
Amounts falling due 1-2 years		
Bank loans	1,000	750
Less: loan issue costs	(100)	(235)
	<u>900</u>	<u>515</u>
Amounts falling due 2-5 years		
Bank loans	62,218	45,923
Less: loan issue costs	(300)	(265)
	<u>61,918</u>	<u>45,658</u>
	<u><u>63,568</u></u>	<u><u>46,173</u></u>

In May 2018, HSBC loans were refinanced with a facility of £60,000,000 repayable over five years until May 2023 against which the company has drawn in full. In August 2019 the HSBC loan facility was extended by a further £4,000,000. Interest is charged at a rate of 2.5% above 3 month GBP LIBOR. No loan repayments are due in the first two years with the loan principal repaid by quarterly installments of £250,000.

The loans are secured over the assets of the subsidiary company by means of fixed and floating charged and are subject to a guarantee from the company.

During the year the company made £820,000 of payments in advance to the WARM foundation which are yet to be reflected on the listed debt.

BHL Global Limited (formerly Britannia Hospitality Limited)

Notes to the Financial Statements for the Year Ended 31 December 2019

18. Financial instruments

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>14,283</u>	<u>3,904</u>	<u>503</u>	<u>251</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(121,921)</u>	<u>(102,280)</u>	<u>(70,076)</u>	<u>(61,897)</u>

Financial assets measured at amortised cost comprise cash and cash equivalents, amounts owed by group undertakings and related parties, trade and other debtors.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, loan notes, interest payable, accrued expenses, trade and other creditors.

19. Analysis of net debt

	At 1 January 2019 £000	Cash flows £000	Acquisition of subsidiaries £000	At 31 December 2019 £000
Cash at bank and in hand	2,735	6,299	170	9,204
Debt due after 1 year	(100,713)	(15,554)	-	(116,267)
Debt due within 1 year	-	(750)	-	(750)
	<u>(97,978)</u>	<u>(10,005)</u>	<u>170</u>	<u>(107,813)</u>

BHL Global Limited (formerly Britannia Hospitality Limited)

Notes to the Financial Statements for the Year Ended 31 December 2019

20. Deferred taxation

Group

	2019 £000	2018 £000
At beginning of year	(2,203)	(2,659)
Charged to profit or loss	(30)	456
At end of year	(2,233)	(2,203)
	Group 2019 £000	Group 2018 £000
Accelerated capital allowances	-	112
Property valuations	(2,240)	(2,319)
Short term timing differences	7	4
	(2,233)	(2,203)

The company has approximately £654,000 (2018 - £647,000) of excess management expenses to set off against future management surpluses. Deferred tax asset of £111,000 (£110,000) on excess management expenses has not been provided as they are currently unlikely to be utilised. There are no unused tax losses or credits in the group. At the end, the group had other unprovided deferred tax assets of £80,000 (2018 - £80,000) relating to other timing differences.

21. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1

22. Reserves

Revaluation reserve

The revaluation reserve represents the unrealised surplus on revaluation of the freehold property.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

BHL Global Limited (formerly Britannia Hospitality Limited)

Notes to the Financial Statements for the Year Ended 31 December 2019

23. Business combinations

Acquisition of Northcote Hotel Limited

On 18 February 2019, Britannia Hospitality Limited acquired 100% of Northcote Hotel Limited and its 100% owned subsidiary Cafe Northcote Limited.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £000	Fair value £000
Tangible assets	5,596	5,596
	<u>5,596</u>	<u>5,596</u>
Stocks	234	234
Debtors due within one year	271	271
Cash at bank and in hand	170	170
	<u>6,271</u>	<u>6,271</u>
Total assets	6,271	6,271
Creditors due within one year	(4,535)	(4,535)
	<u>1,736</u>	<u>1,736</u>
Total identifiable net assets	1,736	1,736
Goodwill		(1,236)
		<u>500</u>
Total purchase consideration		500
Consideration		£000
Cash		500
		<u>500</u>
Total purchase consideration		500
Cash outflow on acquisition		£000
Purchase consideration settled in cash, as above		500
		<u>500</u>
Net cash outflow on acquisition		500

BHL Global Limited (formerly Britannia Hospitality Limited)

Notes to the Financial Statements for the Year Ended 31 December 2019

23. Business combinations (continued)

The results of Northcote Hotel Limited and Cafe Northcote Limited since their acquisition are as follows:

	Current period since acquisition £000
Turnover	3,915
Loss for the period	(407)

24. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £167,000 (2018 - £101,000). Contributions totalling £92,000 (2018 - £23,000) were payable to the fund at the reporting date and are included in creditors.

25. Commitments under operating leases

At 31 December 2019 the group and the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Not later than 1 year	-	11	-	11
Later than 1 year and not later than 5 years	-	-	-	-
	<u>-</u>	<u>11</u>	<u>-</u>	<u>11</u>
	<u><u>-</u></u>	<u><u>11</u></u>	<u><u>-</u></u>	<u><u>11</u></u>

BHL Global Limited (formerly Britannia Hospitality Limited)

Notes to the Financial Statements for the Year Ended 31 December 2019

26. Post balance sheet events

Since 31 December 2019, the outbreak of the pandemic COVID-19 has had an economic effect across all sectors. The Directors has prepared, monitored and constantly reviewed financial plans and forecasts, which have been amended to include the impact of known changes in activities, and will continue to review these budgets and forecasts as the situation progresses.

Due to the uncertainty involved and the unprecedented nature of the challenges posed by the coronavirus situation, the Directors are of the opinion that continual monitoring of the financial impact of the COVID-19 pandemic is crucial to the future of the Group. Senior management have been quick to take action to mitigate detrimental effects on the Group and its shareholders, ensuring staff have been able to work remotely when appropriate in a safe environment.

In preparing amended budgets and forecasts for the financial years ending December 2020 and 2021 after considering all potential impacts of the pandemic ("stress testing existing budgets"), including taking advantage of government initiatives including furlough, as well as obtaining enhanced financial arrangements with credit providers, the Directors believe that the group has sufficient working capital to enable it to continue to operate and ensure the future viability of the group, in accordance with the Going Concern policy in Note 2.3 to these accounts.

In December 2020 the bank loan facility was extended by a further £5m to £69m. See note 17 for details of the loan.

Subsequent to the year end, The Stafford Hotel was valued by Colliers Property Consultants Limited for HSBC UK Bank PLC at £142m.

27. Related party transactions

The company has taken advantage of the exemption available under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose transactions with other wholly owned members of the group.

At the year end the group had a balance of £89,999 (2018 - £Nil) owed to Fortress Group Holdings Inc, a subsidiary of the ultimate parent undertaking, which is registered in the British Virgin Islands.

At the year end the group had a balance of £Nil (2018 - £247,740) owed to Kameria Investments Limited, the immediate parent company.

At the year end the group had a balance of £21,000 owed by Doma Hospitality Limited, a company with common directors.

Directors' remuneration is set out in note 7.

28. Controlling party

The ultimate controlling party of the group is the WARM Foundation which is registered in Liechtenstein. The immediate parent company is Kameria Investments Limited which is registered in Cyprus.