

Appendix 1 Sunborn International (UK) Ltd

Sunborn International (UK) Ltd
HALF-YEAR UNAUDITED REPORT 1 January – 30 June 2021

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

EUR thousand	Note	1 Jan - 30 Jun 2021	1 Jan - 30 Jun 2020	1 Jan -31 Dec 2020
Revenue	3	1 757	-	5 730
Interest Revenue	3	-	548	1 072
Other income	3	-	57	114
Cost of Sales		-236	-	-
Depreciation	4	-115	-115	-229
Bare boat charter	6	-1 170		-4 745
Other operating expenses		-879	-23	-99
Operating profit		-644	467	1 843
Finance costs		-10	-548	-1 073
Profit before taxes		-654	-81	770
Income tax expense		-	-	-
Change in deferred tax		-	4	79
Profit for the period		-654	-77	851
Total comprehensive income for the period		-654	-77	851

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

BALANCE SHEET

GBP thousand	Note	30 Jun 2021	30 Jun 2020	31 Dec 2020
Assets				
Non-current assets				
Property, plant and equipment	4	390	591	525
Right-of-use assets	4	317	414	366
Total non-current assets		707	1,005	891
Current assets				
Inventories		89	-	-
Amounts due from group companies	6	1,126	1,126	1,126
Trade and other receivables		283	35	618
Lease Receivable	3	-	18,149	-
Cash and cash equivalents		1,147	136	2,787
Total current assets		2,645	19,446	4,531
Total assets		3,352	20,451	5,422
Equity and liabilities				
Share capital		150	150	150
Retained earnings		-725	-999	-71
Total equity		-575	-849	79
Non-current liabilities				
Lease liability to group companies	6	-	16,159	-
Lease liability	5	241	339	291
Total non-current liabilities		241	16,498	291
Current liabilities				
Trade and other payables		787	209	1,387
Payables to group companies	6	2,734	2,921	2,905
Lease liability to group companies	6	-	1,578	-
Lease liability	5	97	92	95
Deferred revenue		-	-	660
Accrued expenses		68	2	5
Total current liabilities		3,686	4,802	5,052
Total liabilities		3,927	21,300	5,343
Total equity and liabilities		3,352	20,451	5,422

STATEMENT OF CHANGES IN EQUITY

GBP thousand	Share Capital	Retained Earnings	Total
Equity at 1.1.2020	150	(922)	(772)
Loss for the year	-	(77)	(77)
Total comprehensive income	-	(77)	(77)
Equity at 30.06.2020	150	(999)	(849)
Equity at 1.7.2020	150	(999)	(849)
Profit for the period	-	928	928
Total comprehensive income	-	928	928
Equity at 31.12.2020	150	(71)	79
Equity at 1.1.2021	150	(71)	79
Loss for the year	-	(654)	(654)
Total comprehensive income	-	(654)	(654)
Equity at 30.06.2021	150	(725)	(575)

STATEMENT OF CASH FLOW

	1 Jan to 30 Jun 2021	1 Jan to 30 Jun 2020	1 Jan to 31 Dec 2020
Cash flows from operating activities			
(Loss)/Profit	(654)	(81)	770
Finance cost	10	548	1,073
Depreciation	115	115	230
Non-cash item – other income	-	(57)	(114)
Non-cash item – lease termination losses	-	-	394
(Increase)/decrease in inventories	(89)	-	-
(Increase)/decrease in receivables	335	-	(583)
(Decrease)/increase in payables	(1,369)	121	2,022
Interest paid in cash	(10)	(535)	(1,048)
Tax paid in cash	-	-	-
Net cash utilised in operating activities	2,744	111	2,744
Cash flows from investing activities			
Acquisition	(15)	-	-
Disposal	85	-	-
Net cash from investing activities	70	-	-
Cash flows from financing activities			
Lease receivables	-	772	1,567
Repayment of lease liabilities	(48)	(755)	(1,532)
Net cash utilised in financing activities	(48)	17	35
Net increase in cash and cash equivalents	(1,640)	128	2,779
Cash and cash equivalents at beginning of period	2,787	8	8
Cash and cash equivalents at end of period	1,147	136	2,787

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Sunborn International (UK) Limited ('the company') is a private company limited by share capital incorporated in England under the Companies Act. Its ultimate parent is Sunborn Oy, an undertaking incorporated in Finland. The registered address of Sunborn International (UK) Limited is 24 Old Queen Street, London, United Kingdom, SW1H 9HP

Sunborn International (UK) Limited ("Sunborn UK") is acting as a charterer for a luxury yacht hotel "Sunborn London" docked at 'at Royal Victoria Dock in London, the UK ("Yacht hotel"), which it is own by its sister company Sunborn London Oyj. The hotel operations of the Yacht hotel Sunborn London was run by management company ISS Facility Services Ltd ("ISS") in accordance with a lease contract between ISS and Sunborn UK International until the end of year 2020. The Yacht hotel is equipped with 138 cabins, including 5 suites, conference and auditorium facilities for up to 100 delegates, restaurant and two bars. Until the end of year 2020 Sunborn UK's sole operations consisted of acting as the lessee and lessor of the Yacht hotel. Since 2021 operations consist of acting as the charterer and operator of the Yacht hotel. On 31st December 2020 ISS agreement was terminated and Sunborn UK took over the operations.

On 30th April, 2020 Sunborn Oy, the ultimate parent company of Sunborn UK and Sunborn London Oyj, transferred its ownerships in both companies to a newly established company Sunborn International Holding Oy, which thus became a new parent company of Sunborn UK owning 100 % of the shares of the Company, as well as Sunborn London Oyj. Sunborn International Holding Oy is a family-owned company based in Finland. Sunborn Group focuses on the development of luxury spa and yacht hotels, restaurants and other high-quality property, and has more than 40 years of experience in the hospitality sector.

2. Summary of significant accounting policies

Basis of preparation

This half year financial report for six months ended 30 June 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 interim Financial Reporting, as adopted by the European Union. The half year financial report is based on the same accounting policies and calculation methods as used in the financial statements for the year 2020, except for as presented below. The half year financial report does not include all the information and notes that are presented in the annual financial statements. As such the half year financial report should be read in conjunction with the financial statements for the year ended 31 December 2020.

The preparation of the half year financial report in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The actual outcomes may differ from these estimates and judgments. The most significant estimates made by the management relating to the accounting policies and uncertainties are the same as applied in the financial statements for the year 2020.

The financial statements are presented in thousands of pounds sterling unless otherwise stated. All figures presented have been rounded and consequently the sum of individual figures may deviate from the presented sum figure.

The half year financial report is unaudited.

3. Revenue

During the reporting period the company generates revenue from hotel operations.

In 2020 the Company generated interest revenue from the 15 years lease contract with the hotel operator ISS Facility Services Ltd. Before adoption of IFRS 16, the company's revenue consisted of rental income. On 29.12.2020 ISS Facility Services Ltd and Sunborn International (UK) Ltd agreed the termination of the Management Services Agreement in a settlement agreement and Sunborn International (UK) Ltd to take over the operations on 31st December 2020.

Revenue during the year 2020 relates mostly to the one-time settlement exit rental fee (5,73 MGBP) due to the termination of contract with ISS.

Future minimum lease income from the ISS lease contract is as follows (note the Lease terminated 31st December 2020):

GBP thousand	30 Jun 2021	31 Dec 2020	30 Jun 2020
Within 1 year	-	-	2,640
Between 1 and 2 years	-	-	2,640
Between 2 and 3 years	-	-	2,640
Between 3 and 4 years	-	-	2,640
Between 4 and 5 years	-	-	2,640
Later than 5 years	-	-	10,120
	-	-	23,320
Less: unearned interest income	-	-	(5,171)
Lease receivable	-	-	18,149

4. Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

- Improvements to property 10 years straight line
- Equipment 3 years straight line

GBP thousand	Improvements to property	Right to use asset	Equipment	Total
Cost at January 1, 2020	1,314	561	-	1,875
Addition	-	-	-	-
Cost at June 30, 2020	1,314	561	-	1,875
Accumulated depreciation at January 1, 2020	656	98	-	754
Depreciation	66	49	-	115
Accumulated depreciation and impairment at Jun 30, 2020	722	147	-	869
Net book value at January 1, 2020	658	463	-	1,121
Net book value at June 30, 2020	592	414	-	1,006
Cost at July 1, 2020	1,314	561	-	1,875
Addition	-	-	-	-
Cost at December 31, 2020	1,314	561	-	1,875
Accumulated depreciation at July 1, 2020	722	147	-	869
Depreciation	67	48	-	115
Accumulated depreciation and impairment at Dec 30, 2020	789	195	-	984
Net book value at July 1, 2020	592	414	-	1,005
Net book value at December 31, 2020	525	366	-	891
Cost at January 1, 2021	1,314	561	-	1,875
Addition	-	-	15	15
Disposal	-85	-	-	-85
Cost at June 30, 2021	1,229	561	15	1,805
Accumulated depreciation at January 1, 2020	789	195	-	984
Depreciation	66	48	-	115
Accumulated depreciation and impairment at Jun 30, 2021	855	243	-	1,098
Net book value at January 1, 2021	525	366	-	891
Net book value at June 30, 2021	374	318	15	707

5. Lease liabilities

At 30th June 21 the company is committed to £339K in future lease payments which relate to long-term. The carrying amount of the lease liabilities approximate the fair value.

GBP thousand	30 Jun 2021	31 Dec 2020	30 Jun 2020
Within 1 year	115	115	2,695
Between 1 and 2 years	115	115	2,695
Between 2 and 3 years	115	115	2,695
Between 3 and 4 years	27	85	2,695
Between 4 and 5 years	-	-	2,609
Later than 5 years	-	-	9,890
Total	372	430	23,277
Less unearned interest cost	-33	-44	-5,109
Lease liabilities	339	386	18,168

Until 29th December 2020 the period for which the lease payments were presented are based on the term of the contract between ISS and Sunborn UK.

From 1st January 2021 onwards the Bareboat charter agreement between the hotel operator, Sunborn International (UK) Ltd and the yacht hotel owner, Sunborn London Oyj was on 29th December 2020 renewed with a fixed sum of GBP 195,000 per month in lease to account for the changes of the ISS Settlement Agreement. Bareboat Charter agreement is in force until terminated by either party subject to six months' prior notice.

6. Transactions with related parties

The Company's related parties are its parent company Sunborn International Holding Oy, ultimate parent company Sunborn Oy, other Sunborn Group entities, the board of directors and key management of the Company and the Board of Directors and management of the parent company, together with their close family members, and companies controlled by these individuals.

The following table summarises the Company's transactions and outstanding balances with related parties during or at the end of the years presented:

GBP thousand	1 Jan - 30 Jun 2021 Bareboat charter		1 Jan -31 Dec 2020 Interest cost related to lease liability		1 Jan – 30 June 2020 Interest cost related to lease liability	
Sunborn London Oyj		1,170		1,048		535
Total		1,170		1,048		535

GBP thousand	30 Jun 2021		31 Dec 2020		30 Jun 2020	
	Receivables	Liabilities	Receivables	Liabilities	Receivables	Liabilities
Sunborn London Oyj	-	2,734	-	2 869	-	20,658
Sunborn International Holding Oy	-	-	-	36	-	-
Sunborn International Oy	1,126	-	1,126	-	1,126	-
Total	1,126	2,734	1,126	2 905	1,126	20,658

The lease expenses of the Company arise from a lease contract related to the Yacht hotel with its sister Company, Sunborn London Oyj. The Lease contract (“Bareboat charter agreement”) is in force until terminated by either party subject to six months' prior notice.