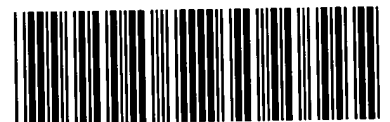

LHTCA BIDCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD FROM 9 OCTOBER 2018 TO 31 MARCH 2020



LHTCA BIDCO LIMITED

COMPANY INFORMATION

Directors	Paul Thandi Richard Ashton Lionel Yves Assant Haide Hong Peter Phillipson
Company secretary	Paul Errington
Registered number	11613159
Registered office	National Exhibition Centre Birmingham West Midlands B40 1NT
Independent auditors	Deloitte LLP Four Brindley Place Birmingham West Midlands B1 2HZ
Bankers	National Westminster Bank PLC The Royal Bank of Scotland 5th Floor 2 St Philips Place Birmingham West Midlands B3 2RB

LHTCA BIDCO LIMITED

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LHTCA BIDCO LIMITED

STRATEGIC REPORT FOR THE PERIOD 9 OCTOBER 2018 TO 31 MARCH 2020

The directors present their Strategic Report of the company for the period from 9 October 2018 to 31 March 2020.

Business review

The company's principal activity is that of an intermediate holding company within the group headed by LHTCA Topco Limited.

The company was incorporated and commenced trading on 9 October 2018 and used equity invested by its immediate parent LHTCA Midco Limited, and external bank debt, to acquire the 100% equity interest in Nevada Topco Limited. Nevada Topco Limited owned the market-leading live events business, the NEC Group, that trades through the National Exhibition Centre Limited.

The loss covers the long period of account for the period from 9 October 2018 to 31 March 2020 and amounted to £27,123,000.

The balance sheet shows net assets of £317,241,000 at 31 March 2020.

No other significant key performance indicators are reviewed by management.

Principal risks and uncertainties

LHTCA Bidco Limited is an intermediate holding company. The business of the group is subject to certain risks and the key business risks are detailed in the financial statements of the immediate parent, LHTCA Midco Limited.

This report was approved by the board on 6 October 2020 and signed by its order.



Paul Errington
Company Secretary
6 October 2020

LHTCA BIDCO LIMITED

DIRECTORS' REPORT FOR THE PERIOD FROM 9 OCTOBER 2018 TO 31 MARCH 2020

The directors present their report and the audited financial statements for the period from 9 October 2018 to 31 March 2020.

Directors

The directors who served during the period were:

Paul Thandi

Richard Ashton

Lionel Yves Assant

Haide Hong

Peter Phillipson

John Hornby (resigned 12 July 2019)

Russel Sang (resigned 17 September 2019)

Directors' indemnity

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the financial statements. The Group maintained directors and officers liability insurance in respect of itself and company directors throughout the period.

Going concern

The company is a holding company within the Group headed by LHTCA Midco Limited ("the Group"), and the funding for the Group is managed centrally. The company has access to this funding as it controls the NEC business's assets and trade, upon which the funding is based. The directors believe that it is therefore appropriate to review the prospects for the company based upon the financial position of the Group as a whole.

The Group has been significantly impacted by COVID-19 and its various trading sites have been closed for business since March 2020 and they remain closed at the date of these financial statements. As a direct result of COVID-19, the Group have placed greater focus than usual on its cash position. During this period, the Group has significantly reduced its levels of both operating and capital expenditure, which has resulted in a significant reduction in the Group's level of cash utilisation. A contributing factor to the achieved reduction in operating expenditure, has been the support provided by both the Government's Coronavirus Job Retention Scheme and the sector specific assistance provided by way of the Business Rates Relief Scheme.

At the balance sheet date of 31 March 2020, the Group had a cash balance of £56.1m. Since the balance sheet date, the Group has received an injection of an additional £50.0m of equity and has also drawn down a further £30.0m from its revolving credit facility, the details of which are set out in note 19. As a result of this additional liquidity, the Group's cash balance at 31 August 2020 had increased to £121.7m.

The directors have reviewed the prospects for the Group to 31 October 2021, this being a period of more than 12 months from the date that these financial statements were signed. This review has been undertaken bearing in mind the impact that COVID-19 is having on both the economy generally and on the industry sector in which the Group operates. The Government has recently removed the Group's industry sector "Restart" date, which was previously announced as being 1 October 2020. A revised "Restart" date has not yet been announced. As such, the Group has assessed its Going Concern position utilising a modelling assumption, which the directors believe to be a severe, but plausible downside case scenario, this being that the Group does not hold any live events or make any ticket sales in respect of future events, for the 12-month period to 31 October 2021. In addition, it has also been assumed that following the termination of the Government's Coronavirus Job Retention Scheme on 31 October 2020 and the expiry of the Business Rates Relief Scheme in April 2021, no further support schemes have been included within the Group's modelling.

LHTCA BIDCO LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD FROM 9 OCTOBER 2018 TO 31 MARCH 2020**

Going concern (continued)

Applying these assumptions, together with a number of other assumptions in respect of both the Group's current and future rates of both operating and capital expenditure, it has been determined that the Group has sufficient cash to continue to operate over the period from the date of signing these accounts to 31 October 2021.

Given the nature of the above assumption of minimal revenue for the next 12 months, there is limited downside risk to this modelling assumption. The principal risk to the above assumptions would be the Group's failure to deliver on the assumption of a reduction in its workforce following the termination of the Government's Coronavirus Job Retention Scheme. If the Group failed to deliver this workforce reduction, this would reduce the Group's cash position at 31 October 2021 by between £5m and £10m. The Group has recently commenced this workforce reduction programme and as such it believes that the risk to the non-delivery of this assumption is minimal.

Having assessed the financial position of the company and considered the wider Group using the evidence available to them, the directors have a reasonable expectation that the company has adequate resources to continue to operate for the foreseeable future. They have therefore concluded that it is appropriate to prepare these financial statements on a going concern basis.

Dividends

No dividend payment is being proposed for the period from 9 October 2018 to 31 March 2020.

Future developments

The company will continue as an intermediate holding company.

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's auditor is 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's auditor is aware of that information.

Reappointment of auditors

The Auditor, Deloitte LLP were appointed as auditor for the company's first financial period and they have indicated their willingness to continue in office.

This report was approved by the board on 6 October 2020 and signed by its order.



Paul Errington
Company Secretary
6 October 2020

LHTCA BIDCO LIMITED

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 9 OCTOBER 2018 TO 31 MARCH 2020**

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS101 "Reduced Disclosure Framework" and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LHTCA BIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LHTCA BIDCO LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of LHTCA Bidco Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework", and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We 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 Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

LHTCA BIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LHTCA BIDCO LIMITED

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 respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

LHTCA BIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LHTCA BIDCO LIMITED

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

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



Andrew Halls FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor

Birmingham, United Kingdom
6 October 2020

LHTCA BIDCO LIMITED
REGISTERED NUMBER: 11613159

INCOME STATEMENT
FOR THE PERIOD FROM 9 OCTOBER 2018 TO 31 MARCH 2020

	Notes	Period from 9 October 2018 to 31 March 2020 £'000
Turnover	4	2,884
Gross profit		2,884
Administrative expenses	5	(2,747)
Operating profit		137
Interest receivable and similar income	9	14,804
Interest payable and similar expenses	10	(42,064)
Loss before taxation		(27,123)
Taxation	11	-
Loss for the financial period	'	(27,123)

All results are derived from continuing operations.

The notes on pages 15 to 24 form part of these financial statements.

LHTCA BIDCO LIMITED
REGISTERED NUMBER: 11613159

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 9 OCTOBER 2018 TO 31 MARCH 2020

	Period from 9 October 2018 to 31 March 2020 £'000
Loss for the financial period	(27,123)
Other comprehensive expense:	
<i>To be reclassified to profit or loss in subsequent periods</i>	
Fair value loss on financial derivatives	(2,636)
	<u>(2,636)</u>
Total comprehensive expense for the period	<u>(29,759)</u>

The notes on pages 15 to 24 form part of these financial statements.

LHTCA BIDCO LIMITED
REGISTERED NUMBER: 11613159

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Notes	2020 £'000
Fixed assets		
Investments	12	588,102
		<u>588,102</u>
Current assets		
Debtors: non-current assets	13	245,075
Debtors: amounts falling due within one year	13	17
Cash at bank and in hand	14	426
		<u>245,518</u>
Creditors: amounts falling due within one year	15	<u>(32,275)</u>
		<u>213,243</u>
Total assets less current liabilities		<u>801,345</u>
Creditors: amounts falling due after more than one year	16	<u>(484,104)</u>
Net assets		<u>317,241</u>
Capital and reserves		
Called up share capital	17	3,470
Share premium account		343,530
Cash flow hedge reserve		(2,636)
Profit and loss account		<u>(27,123)</u>
Total shareholders' funds		<u>317,241</u>

The financial statements on pages 11 to 24 were approved and authorised for issue by the board on 6 October 2020 and were signed on its behalf by:



Paul Thandi
Director
6 October 2020

LHTCA BIDCO LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 9 OCTOBER 2018 TO 31 MARCH 2020**

	Share capital	Share premium	Cash flow hedge reserve	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000	£'000
Equity issued from incorporation	3,470	343,530	-	-	347,000
Loss for the period	-	-	-	(27,123)	(27,123)
Other comprehensive expense	-	-	(2,636)	-	(2,636)
At 31 March 2020	3,470	343,530	(2,636)	(27,123)	317,241

The hedge reserve relates to a derivative financial instrument used to mitigate fluctuations in variable interest rates (see note 18).

The notes on pages 15 to 24 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 OCTOBER 2018 TO 31 MARCH 2020**

1. General information

The company is a private company limited by shares, which is incorporated in the UK under the Companies Act 2006 and domiciled in the England and Wales. The address of its registered office is National Exhibition Centre, Birmingham, B40 1NT.

The company was incorporated on 9 October 2018 with an accounting reference date of 31 March, so this is a long period of account for the period 9 October 2018 to 31 March 2020.

The presentation and functional currency is GBP and all transactions are performed in the UK. The financial statements are presented in thousands (denoted by £'000) unless otherwise stated.

The nature of the company's operations and its principal activities are outlined in the Strategic Report.

2. Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention modified by revaluations of financial assets and financial liabilities held at fair value and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The company is a wholly-owned subsidiary of LHTCA Midco Limited and is included in the consolidated financial statements of LHTCA Midco Limited which may be obtained by written request to the Company Secretary at National Exhibition Centre, Birmingham, B40 1NT. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 16, 38A, 38B, 38C, 38D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

LHTCA BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 9 OCTOBER 2018 TO 31 MARCH 2020

Going concern

The company is a holding company within the Group headed by LHTCA Midco Limited ("the Group"), and the funding for the Group is managed centrally. The company has access to this funding as it controls the NEC business's assets and trade, upon which the funding is based. The directors believe that it is therefore appropriate to review the prospects for the company based upon the financial position of the Group as a whole.

The Group has been significantly impacted by COVID-19 and its various trading sites have been closed for business since March 2020 and they remain closed at the date of these financial statements. As a direct result of COVID-19, the Group have placed greater focus than usual on its cash position. During this period, the Group has significantly reduced its levels of both operating and capital expenditure, which has resulted in a significant reduction in the Group's level of cash utilisation. A contributing factor to the achieved reduction in operating expenditure, has been the support provided by both the Government's Coronavirus Job Retention Scheme and the sector specific assistance provided by way of the Business Rates Relief Scheme.

At the balance sheet date of 31 March 2020, the Group had a cash balance of £56.1m. Since the balance sheet date, the Group has received an injection of an additional £50.0m of equity and has also drawn down a further £30.0m from its revolving credit facility, the details of which are set out in note 19. As a result of this additional liquidity, the Group's cash balance at 31 August 2020 had increased to £121.7m.

The directors have reviewed the prospects for the Group to 31 October 2021, this being a period of more than 12 months from the date that these financial statements were signed. This review has been undertaken bearing in mind the impact that COVID-19 is having on both the economy generally and on the industry sector in which the Group operates. The Government has recently removed the Group's industry sector "Restart" date, which was previously announced as being 1 October 2020. A revised "Restart" date has not yet been announced. As such, the Group has assessed its Going Concern position utilising a modelling assumption, which the directors believe to be a severe, but plausible downside case scenario, this being that the Group does not hold any live events or make any ticket sales in respect of future events, for the 12-month period to 31 October 2021. In addition, it has also been assumed that following the termination of the Government's Coronavirus Job Retention Scheme on 31 October 2020 and the expiry of the Business Rates Relief Scheme in April 2021, no further support schemes have been included within the Group's modelling. Applying these assumptions, together with a number of other assumptions in respect of both the Group's current and future rates of both operating and capital expenditure, it has been determined that the Group has sufficient cash to continue to operate over the period from the date of signing these accounts to 31 October 2021.

Given the nature of the above assumption of minimal revenue for the next 12 months, there is limited downside risk to this modelling assumption. The principal risk to the above assumptions would be the Group's failure to deliver on the assumption of a reduction in its workforce following the termination of the Government's Coronavirus Job Retention Scheme. If the Group failed to deliver this workforce reduction, this would reduce the Group's cash position at 31 October 2021 by between £5m and £10m. The Group has recently commenced this workforce reduction programme and as such it believes that the risk to the non-delivery of this assumption is minimal.

Having assessed the financial position of the company and considered the wider Group using the evidence available to them, the directors have a reasonable expectation that the company has adequate resources to continue to operate for the foreseeable future. They have therefore concluded that it is appropriate to prepare these financial statements on a going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 OCTOBER 2018 TO 31 MARCH 2020**

Turnover

Turnover represents amounts receivable for services provided to group subsidiaries net of VAT. Turnover is recognised as and when the services take place.

Investments

Investments are recorded at cost less provision for impairment. The carrying value of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Debtors

Debtors are measured at transaction price, less any allowance for expected credit loss. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any allowance for expected credit loss.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Financial instruments

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset.

They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Allowances for expected credit losses are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such an allowance being the difference between the net carrying amount and the present value of the future expected cash flows associated with the receivable less allowances for expected credit loss. For trade receivables, which are reported net, such allowances are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Income Statement. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 OCTOBER 2018 TO 31 MARCH 2020**

Financial liabilities

The company classifies all of its financial liabilities as liabilities at amortised cost.

These liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Finance costs

Finance costs are charged to the Income Statement 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.

Interest income

Interest income is recognised in the Income Statement using the effective interest method.

Borrowing costs

All borrowing costs are recognised in the Income Statement in the period in which they are incurred.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Income Statement, 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 operates and generates 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 company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

LHTCA BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 OCTOBER 2018 TO 31 MARCH 2020**

Current and deferred taxation (continued)

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.

3. Critical accounting estimates and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and Critical accounting judgements and key sources of estimation uncertainty are based on management experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Transaction costs of £3,140,000 have been allocated to the cost of investment based on detailed analysis of their tax treatment by the company's advisors. There are no other material estimates or judgements in respect of the period.

4. Turnover

The total turnover for the period has been derived from management services provided to the subsidiary National Exhibition Centre Limited and were wholly undertaken in the United Kingdom.

5. Administrative expenses

		Period from 9 October 2018 to 31 March 2020 £'000
	Note	
Wages and salaries	7	2,411
Audit fees	6	50
Other		286
		<u>2,747</u>

6. Auditor's remuneration

The company paid the following amounts to its auditor in respect of the audit of the financial statements of the company and the Group:

	Period from 9 October 2018 to 31 March 2020 £'000
Fees for the audit of the company and the Group	<u>50</u>

The company has borne the audit fees for its parent company, LHTCA Midco Limited. The audit fee for the company is £10,000.

Fees include £20,000 for non-repeating audit fees that relate to the audit of the acquisition accounting entries and the long period of account of the company and the Group.

LHTCA BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 OCTOBER 2018 TO 31 MARCH 2020**

7. Employees

Staff costs were as follows:

	Period from 9 October 2018 to 31 March 2020 £'000
Wages and salaries	2,108
Social security costs	276
Other pension costs	27
	<u>2,411</u>

The average monthly number of employees, including the directors, during the period was 6.

8. Directors' remuneration

The directors of the company are also directors of the parent undertaking and fellow subsidiaries. The directors do not believe that it is practical to apportion remuneration between their services as qualifying directors of the company and their qualifying services as directors or employees of holding and fellow subsidiary companies.

Amounts paid to the directors including highest paid directors are disclosed in the financial statements of the parent company, LHTCA Midco Limited.

9. Interest receivable and similar income

	Period from 9 October 2018 to 31 March 2020 £'000
Interest receivable from subsidiary	<u>14,804</u>

The company holds unsecured loan notes with an original principal of £233,381,000 due from its subsidiary, Nevada Bidco Limited, and interest is charged at a coupon which is equal to Libor, subject to a floor of 1%, plus a margin of 4.5% per annum. Unpaid interest is rolled up annually.

LHTCA BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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10. Interest payable and similar expenses

	Period from 9 October 2018 to 31 March 2020 £'000
Bank interest payable	35,880
Interest paid on bridging loan (see note 16)	4,954
Fair value loss on derivatives	824
Interest on revolving credit facility	406
	<u>42,064</u>

Interest payable and similar expenses includes amortisation of capitalised arrangement and professional fees.

11. Taxation

	Period from 9 October 2018 to 31 March 2020 £'000
Total current tax	-
Total deferred tax	-
Tax on loss	-

Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

Loss before taxation	<u>(27,123)</u>
Loss multiplied by standard rate of corporation tax in the UK of 19%	(5,153)
Effects of:	
Expenses not deductible for tax purposes	862
Group relief for nil consideration	<u>4,291</u>
Total tax for the period	<u>-</u>

Factors that may affect future tax charges

In his recent budget the Chancellor of the Exchequer reversed the previously enacted decrease in the rate of UK corporation tax from 19% to 17% from 1 April 2020, with the tax rate remaining at 19%. This has been substantively enacted at the balance sheet date and is reflected in the company's financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 OCTOBER 2018 TO 31 MARCH 2020**

12. Investments

	2020
	£'000
Cost or valuation	
Additions	588,102
At 31 March 2020	<u>588,102</u>

The investment relates to a 100% shareholding in Nevada Topco Limited acquired on 31 October 2018.

13. Debtors**Non-current**

	2020
	£'000
Amounts owed by subsidiary	245,075
	<u>245,075</u>

Amounts owed by subsidiary represents an unsecured loan of £233,381,000 provided to Nevada Bidco Limited. Interest is charged at a coupon equal to Libor, subject to a floor of 1%, plus a margin of 4.5% per annum. Unpaid interest is rolled up annually.

On the 11 March 2020 the loan was increased by £30,000,000 using funds drawn down under the Revolving Credit Facility (see note 16).

Interest and principal payments of £33,110,000 were received in the period.

Due within one year

	2020
	£'000
Prepayments	14
VAT	3
	<u>17</u>

14. Cash and cash equivalents

	2020
	£'000
Cash at bank and in hand	<u>426</u>

LHTCA BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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15. Creditors: amounts falling due within one year

	2020 £'000
Revolving Credit Facility	30,000
Amounts owed to subsidiary	1,110
Derivative financial instrument	995
Other	170
	<u>32,275</u>

Amounts owed to subsidiary are unsecured, interest free, have no fixed date of repayment.

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

	Note	2020 £'000
Senior loan facility		482,457
Derivative financial instrument	18	<u>1,647</u>
		<u>484,104</u>

Bridging Loan

Blackstone, the ultimate controlling party, provided a £490m bridging loan on 31 October 2018. This was repaid on 11 January 2019 upon entering in to the senior loan facility, together with interest of £2.423m. Loan issue costs of £2.531m were capitalised against the facility and fully amortised in the period.

Senior loan facility

The group raised funds on 11 January 2019 through a £490m senior loan facility with an interest rate of LIBOR (subject to a floor of 1%) plus a margin of 4.35% maturing on 11 January 2024 with two one-year options to extend.

Loan issue costs of £11.475m including facility and professional fees have been capitalised against the facility and are being amortised over the term of the facility at an effective interest rate of 6.07%. Unamortised fees are £7.543m at 31 March 2020.

The facility also provides a super senior revolving credit facility of £60m with an interest rate of LIBOR plus a margin of up to 3.25% based on the group leverage ratio. £30m of the available facility was undrawn at 31 March 2020. The undrawn amount was subsequently drawn after the year end on 10 July 2020 (note 19).

Revolving Credit Facility (RCF)

On 11 March 2020 the group raised £30m through the super senior revolving credit facility with an interest rate of 3.7795% repayable on 14 September 2020.

LHTCA BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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17. Issued share capital and premium

Share Type	Nominal	2020 No	2020
Ordinary Shares of £0.01	£0.01	347,010,000	£3,470,100

The shares have attached to them full voting, dividend and capital distribution rights. They do not confer any rights of redemption.

100% of the share capital is held by LHTCA Midco Limited, the parent company.

Share premium

Shares were issued in the period at a premium of £343,529,900.

18. Derivatives financial instruments**Cash flow interest hedge**

To partly mitigate interest risk relating to adverse movements in LIBOR relating to the senior loan facility, the company has entered into a £330m interest swap maturing 30 March 2023 to receive the higher of LIBOR or 1% and pay interest at a fixed rate of 1.328%. The fair value of the interest rate swap at 31 March 2020 was a liability of £2,642,000 of which £995,000 falls due within 12 months and the balance of £1,647,000 falling due after more than 12 months.

19. Post balance sheet events

Subsequent to the balance sheet date, as explained in the going concern disclosure in note2, several measures have been taken to support the Group and company through the adverse impact of Covid-19 including:

- Agreeing and then drawing a further £30.0m revolving credit facility on 10 July 2020 via the Government's Coronavirus Large Business Interruption Loan Scheme;
- Agreeing a 12 month payment holiday on 50% of the senior loan facility interest, thereby deferring a coupon of c.£13m; and
- Securing a £50.0m equity injection from the ultimate parent company LHTCA Topco Limited on 26 June 2020. LHTCA Topco Limited injected £50.0m into LHTCA Midco Limited, who in turn injected these funds into the company by subscribing for an additional £50.0m of equity in the company.

20. Ultimate parent undertakings

The immediate parent company is LHTCA Midco Limited.

The directors regard LHTCA Topco Limited, a company incorporated in Jersey, as the ultimate parent undertaking. The largest and smallest group in which the results of the company are consolidated is that headed by LHTCA Midco Limited. Copies of the consolidated financial statements may be obtained by written request to the Company Secretary at National Exhibition Centre, Birmingham, B40 1NT.