

OYO Hospitality UK Limited.  
Financial Statements for the seven month period  
ended 31 March 2019

WEDNESDAY



**OYO Hospitality UK Ltd (Earlier OYO Hospitality Ltd.)**

**Company Information**

Company No. : 11540609

**Directors**

Mr. James Joseph Fyfe

Mr. Ritesh Agarwal

**Secretary**

Mr. James Joseph Fyfe

**Auditor**

Ernst & Young LLP

1 More London Place

London SE1 2AF

**Banker**

Citibank N.A

Citigroup Centre, Canada Square,

Canary Wharf,

London E14 5LB

**Registered Office**

11-14 Grafton Street,

London

England, W1S 4EW

**OYO Hospitality UK Ltd**  
**Company Number 11540609**

**Directors' Report for the seven month period ended 31 March 2019 (continued)**

The directors present their report and financial statements of OYO Hospitality UK Ltd ("the Company") for the period ended 31 March 2019. The company was incorporated in England on 28 August 2018. This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

**Principal activities**

The Company is a gateway Company for further investment and expansion of OYO Group business in European, Japanese and United States Market.

**Directors**

The following directors held office from the date of incorporation i.e. 28 August 2018 till 13 November 2019:

James J. Fyfe (Appointed on 28 August 2018)  
Ritesh Agarwal (Appointed on 28 August 2018)

**Going concern**

The directors confirm they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Having made due and careful enquiry, the directors consider that there are no material uncertainties that may cast doubt over the Company's ability to continue as a going concern. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

**Statement of disclosure of information to the auditor**

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

- so far as the directors are aware, there is no relevant audit information of which the auditor is unaware; and
- the directors have taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S-418 of the Companies Act 2006.

**Directors' indemnities and insurance**

The Directors have the benefit of the indemnity provisions contained in the Company's Articles of Association ('Articles'), and the Company has maintained throughout the year Directors' and officers' liability insurance for the benefit of the Company, the Directors and its officers. The Company has entered into qualifying third party indemnity arrangements for the benefit of all its Directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the year and remain in force.

**Subsequent Events**

The company has allotted 69,841,057 shares having par value of GBP 1 per share subsequent to the year end.

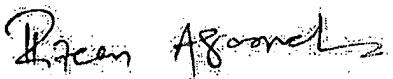
OYO Hospitality UK Ltd  
Company Number 11540609

Directors' Report for the seven month period ended 31 March 2019 (continued)

**Auditor**

Ernst & Young LLP were appointed auditor have expressed their willingness to continue in office.

On behalf of the board of directors



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Ritesh Agarwal  
Director

Date 04/12/2019



**Directors' Responsibilities Statement**

The directors are responsible for preparing the Report and the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards adopted by the European Union.

Under Company Law the directors must not approve the financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the company for that period. In preparing those financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group's and company's financial position and financial performance;
- state that the company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements; and
- make judgements and estimates that are reasonable and prudent

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

## **Independent auditor's report**

to the members of OYO Hospitality UK Limited

### **Opinion**

We have audited the financial statements of OYO Hospitality UK Limited (the 'company') for the seven month period ended 31 March 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of cash flows, Statement of Changes in Equity and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2019 and of its loss for the period 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 below. 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 the provisions available for small entities, in the circumstances set out in note 1 to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

## **Independent auditor's report (continued)**

### **to the members of OYO Hospitality UK Limited**

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 the 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 directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4 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.

## **Independent auditor's report (continued)**

**to the members of OYO Hospitality UK Limited**

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 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 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.

*Ernst & Young LLP*

Zishan Nurmohamed (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date 04/12/2019

**OYO Hospitality UK Ltd****Statement of Comprehensive Income for the period 28 August 2018 to 31 March 2019**

<b>Particulars</b>	<b>Notes</b>	<b>For the period 28 August 2018 to 31 March 2019 £ 000</b>	
		<b>20</b>	<b>20</b>
<b>REVENUE</b>			
Revenue from operations	3		
<b>Total revenue</b>		<b>20</b>	<b>20</b>
<b>EXPENSES</b>			
Operating expenses	4		(33)
Other expenses	5		(303)
<b>Loss before tax</b>			<b>(316)</b>
Income tax	6		
<b>Loss for the period</b>			<b>(316)</b>
<b>Other Comprehensive Income</b>			
<b>Total comprehensive loss for the period</b>			<b>(316)</b>

The accompanying notes are an integral part of the standalone financial statements

**OYO Hospitality UK Ltd**  
**Balance sheet as at 31 March 2019**

	Notes	As at 31 March 2019 £ 000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment in subsidiaries	7	11,227
<b>Current assets</b>		
Trade Receivables and other current financial assets	8	1,768
Cash and cash equivalents	9	591
<b>Total assets</b>		<b>13,586</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Issued capital	10	14
Shares to be issued		13,559
Retained Earnings		(316)
<b>Total equity</b>		<b>13,257</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	11	329
<b>Total liabilities</b>		<b>329</b>
<b>Total equity and liabilities</b>		<b>13,586</b>

The accompanying notes are an integral part of the standalone financial statements

Approved by the board and signed on its behalf by

*Ritesh Agarwal*  
 Ritesh Agarwal 04/12/2019  
 Director

*JK*

**OYO Hospitality UK Ltd****Statement of Cash Flows for the period 28 August 2018 to 31 March 2019**

For the period 28 August  
2018 to  
31 March 2019  
£ 000

<b>Operating activities</b>	
Loss before tax	(316)
<b>Non-cash adjustment to reconcile loss before tax to net cash flows</b>	
Movements in working capital :	
Increase in trade receivables other current financial assets	(1,768)
Increase in trade payables	329
<b>Net cash used in operating activities</b>	<b>(1,755)</b>
<b>Investing activities</b>	
Investment in subsidiaries	(11,227)
<b>Net cash flow used in investing activities</b>	<b>(11,227)</b>
<b>Financing activities</b>	
Proceeds from the issue of ordinary shares	14
Proceeds from share capital to be issued	13,559
<b>Net cash flow from financing activities</b>	<b>13,573</b>
Net increase in cash and cash equivalents	591
<b>Cash and cash equivalents at the end of the period</b>	<b>591</b>

The accompanying notes are an integral part of the standalone financial statements

**OYO Hospitality UK Ltd**

**Statement of changes in equity for the period 28 August 2018 to 31 March 2019**

	<b>Share Capital £ 000</b>	<b>Shares to be issued £ 000</b>	<b>Retained Earnings £ 000</b>	<b>Total Equity £ 000</b>
<b>At 28 August 2018</b>				
Share issued during the period	14			14
Shares to be issued		13,559		13,559
Loss for the period			(316)	(316)
<b>At 31 March 2019</b>	<b>14</b>	<b>13,559</b>	<b>(316)</b>	<b>13,257</b>

**The accompanying notes are an integral part of the financial statements**

**OYO Hospitality UK Ltd**  
**Notes to Financial Statements for the period 28 August 2018 to 31 March 2019**

**1. Background**

OYO Hospitality UK Ltd ("the 'Company") was incorporated in the United Kingdom on 28 August 2018 and is domiciled in the United Kingdom.

The Company has its principal office located in 11-14 Grafton Street, London, England, W1S 4EW.

The company is a wholly owned subsidiary of Oravel Stays Singapore Pte Limited, a company incorporated in Singapore. The ultimate holding company is Oravel Stays Private Limited, a company incorporated in India.

These financial statements were authorised for issue in accordance with a resolution of the directors on 13 November 2019.

The Financial Statements been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

**2. Basis of preparation and significant accounting policies**

**2.1 Basis of preparation**

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union in compliance with the Companies Act 2006.

The preparation of financial statements in conformity with the EU adopted 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 company has prepared these financial statements for the period 28 August 2018 to 31 March 2019. Accounting policies are applicable from 28 August 2018 to 31 March 2019. This being the first period of operations, no previous year/period numbers are given.

The financial statements have been prepared under the historical cost convention.

**2.2 Functional and presentation currency**

These financial statements are presented in Pound Sterling, which is also the Company's functional currency. All amounts are rounded to the nearest Pound Sterling Thousands, unless stated otherwise.

**Significant accounting policies**

**2.3 Revenue from contract with customers**

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value added tax, returns, rebates and discounts. Revenue is recognized on an accrual basis to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

**Revenue from sale of accommodation services:**

Revenue from sale of accommodation services is recognized on gross basis as Company gains Control on stay services before providing it to customer. Company consider itself as Principal in arrangement as it assumes obligations towards performance of stay services to end customer including the acceptability of the services, takes a significant amount of risk in the service delivery of the room stays due to committed assured benchmark revenues and investment made in transformation of properties and finally enjoys latitude in establishing price for stay services. Revenue from sale of accommodation services are recognized on basis of used room nights by end customers, on accrual basis to the extent that it is probable that the economic benefit will flow to the Company and it can be reliably measured.

Revenue is recognized net of cancellations, refunds, discounts, incentives and taxes payable by the Company.

**2.4 Income tax**

**Current, Deferred Income Tax, Deferred Tax Asset and Liabilities**

The tax expense comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences which arise from the difference between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax assets relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

**2.5 Trade Receivables and other current financial assets**

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as noncurrent assets.

Trade receivables are recognised at amortised cost using the effective interest method, if the impact of discounting is significant, less any provision for impairment.

Collectability of trade and non-trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within "impairment charges". When a trade and non-trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against "impairment charges" in profit or loss.

**OYO Hospitality UK Ltd**  
**Notes to Financial Statements for the period 28 August 2018 to 31 March 2019**

**2.6 Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand and in banks and all unrestricted time deposits with original maturities of three months or less at the time of placement.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

**2.7 Share capital**

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

**2.8 Trade and other payables**

Trade payables are obligations to pay for goods, equipments or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

**2.9 Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

**2.10 Segment Information**

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Company's operations pre-dominantly relate to provide accommodation services. The Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on analysis of various performance indicators pertaining to business as a single segment. Accordingly, the amounts appearing in the financial statements relate to the Company's single business segment.

**2.11 Foreign currency transactions**

In preparing the financial statements of Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized in functional currencies at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income (OCI) or profit or loss are also recognized in OCI or profit or loss, respectively).

Exchange differences on monetary items are recognized in statement of profit and loss in the period in which they arise.

**2.12 Financial instruments**

**i. Recognition and initial measurement**

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

**OYO Hospitality UK Ltd****Notes to Financial Statements for the period 28 August 2018 to 31 March 2019**

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

**ii. Classification and subsequent measurement****Financial assets**

On initial recognition, a financial asset is classified as measured at:

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

(i) A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

It includes Trade receivables and non-trade receivables. They are included in current assets, except for maturities greater than 12 months after the end of reporting period. These are classified as non-current assets

(ii) An investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

**(iii) Fair value through profit or loss (FVTPL)**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. On 31 March 2019, the Company has no FVOCI financial assets.

**Financial assets: Subsequent measurement, gains, and losses**

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Financial assets at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

**OYO Hospitality UK Ltd**  
**Notes to Financial Statements for the period 28 August 2018 to 31 March 2019**

**Financial liabilities: Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**iii. Derecognition**

**Financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

**Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

**Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**2.13 Impairment**

**Impairment of financial instruments**

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost;

At each reporting date, the Company assesses whether financial assets carried at amortised cost and securities at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowance for trade receivable with no significant financing component is measured at an amount equal to lifetime expected credit losses (ECL). For all other financial assets expected credit losses are measured at an amount equal to the 12 month expected credit losses, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

**Presentation of allowance for expected credit losses in the balance sheet**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an

improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

**Impairment of investment in subsidiaries**

The Company conducts impairment reviews of investment in subsidiaries whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable or tests for impairment annually in accordance with the relevant accounting standards. Determining whether an asset is impaired requires an estimation of the recoverable amount, which requires the Company to estimate the value in use which base on future cash flows and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, an impairment loss may arise.

**2.14 Related party transactions**

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities under common shareholdings, which includes entities that are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company, in its regular conduct of business, enters into transactions with related parties, which consists of sales and purchase transactions, leases and management and administrative service agreements.

**2.15 Standards issued but not effective**

The company will apply the following standards and amendments for the first time for their annual reporting period commencing 1 April 2019:

• **IFRS 16 Leases**

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. This includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Company is in the process of evaluating its impact on the financial statements.

**OYO Hospitality UK Ltd****Notes to Financial Statements for the period 28 August 2018 to 31 March 2019****3. Revenue from contracts with customers**

	<b>For the period 28 August 2018 to 31 March 2019 £ 000</b>
<b>Disaggregated revenue information</b>	
<b>Type of services</b>	
Sales of accommodation services	20
<b>Total revenue from contracts with customers</b>	<b>20</b>
<b>Geographical markets</b>	
United Kingdom	20
<b>Total revenue from contracts with customers</b>	<b>20</b>
<b>Timing of revenue recognition</b>	
Goods and services transferred at a point in time	20
<b>Total revenue from contracts with customers (refer note 9)</b>	<b>20</b>

**4. Operating expenses**

	<b>For the period 28 August 2018 to 31 March 2019 £ 000</b>
Cost of revenue	20
Loss from bookings	13
	<b>33</b>

**5. Other expenses**

	<b>For the period 28 August 2018 to 31 March 2019 £ 000</b>
Management fees	296
Auditors remuneration for audit fees	8
Bank charges	1
Exchange Gain (Net)	(2)
	<b>303</b>

There is no staff cost as there are no employees. Further, remuneration paid to the directors by the Company is nil. The directors are also directors of other companies in the enlarged group of which the company is a member. They are remunerated by other group companies and are considered to have minimal qualifying services in respect of the Company

**OYO Hospitality UK Ltd**  
**Notes to Financial Statements for the period 28 August 2018 to 31 March 2019**

**6. Income Tax**

For the period 28  
August 2018 to  
31 March 2019  
£ 000

The tax assessed for the year differs from the average rate of corporation tax in the UK of 19%. The differences are explained below:

Loss before tax	(316)
Loss before tax at 19% (average rate for the year)	(60)
<i>Effects of</i>	
Deferred tax not recognised on net losses	60
Tax charge for the year	

Deferred tax are not recognised as deferred tax are only recognised once it is considered more likely than not that they will be recoverable against future taxable trading profits arising in the Company

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**OYO Hospitality UK Ltd****Notes to Financial Statements for the period 28 August 2018 to 31 March 2019****7. Investments in subsidiaries**

Company	Percentage of shares held	Country of incorporation	Principal activity	As at	
				31 March 2019	£ 000
<b>Non-trade, Unquoted investments (valued at cost)</b>					
Ordinary shares in OYO Rooms and Hospitality UK Ltd	100%	UK	Hospitality	3,010	
Preference shares in OYO Rooms And Hospitality UK Ltd	100%	UK	Hospitality	7,525	
OYO Technology and Hospitality Japan KK	66%	Japan	Hospitality	14	
OYO Hotels Japan GK	50%	Japan	Hospitality	678	
<b>Total</b>				<b>11,227</b>	

**8. Trade Receivables and other current financial assets**

	As at	
	31 March 2019	£ 000
Receivables from third-party customers		2
Receivables from related parties (Refer Note 12)		1,766
<b>Total</b>		<b>1,768</b>

**Terms and conditions of the above financial assets:**

All outstanding balances are unsecured and settled in cash, which are settled on receipt or provision of service by the parties. These are unsecured, non-interest bearing and not covered by any guarantee.

**9. Cash and cash equivalents**

	As at	
	31 March 2019	£ 000
Cash at bank		591
<b>Total</b>		<b>591</b>

Cash at banks does not earn any interest.

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**OYO Hospitality UK Ltd**

**Notes to Financial Statements for the period 28 August 2018 to 31 March 2019**

**10. Share capital**

**As at**  
**31 March 2019**  
**£ 000**

**Ordinary Shares**

13,846 shares of GBP 1 each

**14**

**14**

**(i) Terms/rights attached to equity shares**

13,846 shares were issued to Oravel Stays Singapore PTE LTD, during the period for no premium. The Company has only one class of shares having a par value of GBP 1 per share. Each holder of equity shares is entitled to one vote per share and equal rights in distribution of profit/surplus in proportionate to the share held by shareholder. In the event of liquidation of the Company, the holders of shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of shares held by the shareholders.

**(ii) Share Capital to be issued**

13,558,634 shares are to be issued to Oravel Stays Singapore PTE LTD as on March 31, 2019. The company has allotted 69,841,057 shares having par value of GBP 1 per share subsequent to the year end.

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**OYO Hospitality UK Ltd**

**Notes to Financial Statements for the period 28 August 2018 to 31 March 2019**

**11. Trade and other payables**

	As at 31 March 2019 £ 000
Related parties (Refer Note 12)	312
Accruals	8
Other payables	9
	<b>329</b>

Trade and other payables to third parties are non-bearing interest and are generally on a 14-30 days' term.

Trade payables to related parties are unsecured, interest-free and are repayable on demand.

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**OYO Hospitality UK Ltd****Notes to Financial Statements for the period 28 August 2018 to 31 March 2019****12. Related party disclosures**

In the normal course of business, the Company transacts with companies, which are considered related parties under IAS 24, "Related Party Disclosures".

**a) Names of related parties and related party relationship**

(with whom transactions have taken place)

Ultimate Holding Company	Oravel Stays Private Limited
Holding Company	Oravel Stays Singapore Pte Ltd.
Subsidiaries and step-down subsidiaries	Oravel Hotels Mexico S. de R.L. de C.V. OYO Rooms and Hospitality UK Ltd OYO Hotels LLC USA OYO Hotels Japan GK OYO Technology & Hospitality Japan KK
Fellow Subsidiaries	OYO Technologies & Hospitality (UK) Ltd
Key Management Personnel	Mr. James Joseph Fyfe Mr. Ritesh Agarwal

**b) Related party transactions:**

Particulars	For the period 28 August 2018 to 31 March 2019 £ 000
<b>Ordinary Shares allotted during the period</b>	
Oravel Stays Singapore Pte Ltd.	14 14
<b>Share application money pending allotment</b>	
Oravel Stays Singapore Pte Ltd.	13,559 13,559
<b>Investment made during the period</b>	
OYO Technology & Hospitality JAPAN KK	14
OYO Rooms And Hospitality UK Ltd	3,010
OYO Rooms And Hospitality UK Ltd	7,525
OYO Hotels Japan GK	678
	11,227
<b>Amount paid by the company on behalf of :</b>	
Oravel Hotels Mexico S. De R.L. De C.V.	32
OYO Technologies & Hospitality (UK) Ltd	1,167
OYO Hotels LLC USA	475
OYO Hotels Japan GK	92
	1,766
<b>Amount paid on behalf of the company by:</b>	
Oravel Stays Singapore Pte Ltd	14 14
<b>Service taken from:</b>	
Oravel Stays Private Limited	296 296

**OYO Hospitality UK Ltd**

Notes to Financial Statements for the period 28 August 2018 to 31 March 2019

**12. Related party disclosures (continued)****c) Related party balances:**

Particulars	As at 31 March 2019 £ 000
<b>Receivable from Group Companies</b>	
Oravel Hotels Mexico S. De R.L. De C.V.	32
OYO Technologies & Hospitality (UK) Ltd	1,167
OYO Hotels LLC USA	475
OYO Hotels Japan GK	92
	<b>1,766</b>
<b>Payable to Group Companies</b>	
Oravel Stays Singapore Pte Ltd	14
Oravel Stays Private Limited	298
	<b>312</b>

**Terms and conditions**

Goods and services were sold to the related parties during the period based on the price lists in force / other appropriate basis, as applicable, and terms that would be available to third parties.

All outstanding balances are unsecured and settled in cash, which are settled on receipt or provision of service by the parties. These are unsecured, non-interest bearing and not covered by any guarantee.

**13. Foreign currency denominated assets and liabilities**

The Company's foreign currency assets and liabilities as at 31 March 2019 are as follows

Currency	Assets 000's	Liabilities 000's	Net Liabilities	Exchange Rate	GBP Equivalent 000's
Indian Rupees		26,856	-26,856	0.01	-298
United State Dollars	587		587	0.77	450
Singapore Dollars		25	-25	0.57	-14

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**OYO Hospitality UK Ltd****Notes to Financial Statements for the period 28 August 2018 to 31 March 2019****14. Financial Risk Management****A. Financial risk management objectives and policies**

The entity's principal financial liabilities majorly comprises of trade payables. The main purpose of these financial liabilities is to finance the entity's operations and to provide guarantees to support its operations. The entity's principal financial assets include trade and other receivables and cash and short-term deposits that derive directly from its operations.

The entity is exposed to market risk, credit risk and liquidity risk. The entity's senior management oversees the management of these risks. The entity's senior management is responsible to ensure that entity's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the entity's policies and risk objectives. All activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the entity's policy that no trading in derivatives for speculative purposes may be undertaken. The top management reviews and agrees policies for managing each of these risks, which are summarised below.

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include trade payables and trade receivables.

**Interest risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The entity's exposure to interest rate risk arises primarily from cash and cash equivalents. A change in interest rates at the reporting date would not affect significantly on profit or loss and equity.

**Currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The entity's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities.

At 31 March 2019, foreign currency exposure is not hedged by a derivative instrument.

**Foreign currency sensitivity**

The following tables demonstrate the sensitivity to a reasonably possible change in INR, SGD and USD exchange rates, with all other variables held constant. The impact on the entity's profit before tax is due to changes in the fair value of monetary assets and liabilities.

	Change in Exchange rate	Impact on Loss	
		Effect on profit/(loss) before tax	£ 000
INR Sensitivity	+5%	(15)	
	-5%	15	
SGD Sensitivity	+5%	(1)	
	-5%	1	
USD Sensitivity	+5%	23	
	-5%	(23)	

**Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The entity is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

**Investment Impairment risk**

The directors' understanding of the risks associated with the investments held by the entity relate to the potential impairment of those investments. To identify any risk of impairment in a timely manner, the Company reviews the financial performance of its investments on a regular basis. This is expected to continue for the foreseeable future.

**Cash and cash equivalents**

Credit risk from balances with banks is managed by the entity's treasury department in accordance with the entity's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the entity's top management on an annual basis, and may be updated throughout the period subject to approval of the entity's Authorities. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

**Trade receivables**

Customer credit risk is managed as per the entity's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. The contract assets relate to unbilled revenues and have substantially the same risk characteristics as the trade receivables for the same types of contracts.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed below. The entity evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions.

Where there is a legally enforceable right to offset under trading agreements and net settlement is regularly applied, the net asset or liability is recognized in the statement of financial position, otherwise assets and liabilities are presented at gross.

There is no Expected Credit Loss on receivables during the period.

**OYO Hospitality UK Ltd**

Notes to Financial Statements for the period 28 August 2018 to 31 March 2019

**14. Financial Risk Management (continued)**

*Liquidity risk*

The entity monitors its risk of a shortage of funds doing a liquidity planning exercise. The entity's objective is to maintain a balance between continuity of funding and flexibility through the use of short term and long term loans and borrowings. The entity's treasury function reviews the liquidity position on an ongoing basis. The entity assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The entity has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the entity's financial liabilities based on contractual undiscounted payments.

	On Demand £ 000	0 to 1 year £ 000	More than 1 year £ 000	Total £ 000
<b>As at 31 March 2019</b>				
Trade and other payables	312	9	14	321
	312	9	14	321

*Excessive risk concentration*

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the entity's performance to developments affecting a particular industry. The entity is not exposed to excessive concentration since the customers of the entity are not engaged in similar business activities. The entity derives its revenues and corresponding trade receivables from a large number of customers scattered in different geographical locations.

**B. Capital Management**

For the purpose of the company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may return capital to shareholders or issue new shares. However, in light of adequate funding from equity, management has not raised any borrowings in current period.

**C. Fair value of financial assets and financial liabilities**

*a. Classification*

	As at 31 March 2019 £ 000	Carrying Amount
<b>Financial assets</b>		
<b>Current assets</b>		
Cash and cash equivalents		591
Other current financial assets		1,768
<b>Total financial assets</b>		2,359
<b>Financial Liabilities</b>		
Trade and other payables		329
<b>Total financial liabilities</b>		329

*b. Fair value measurement*

Fair value is the amount for which an asset could be exchanged, or a liability settled, between parties in an arm's length transaction.

The Company determined the fair value measurement for disclosure purposes of each class of financial assets and financial liabilities based on the following methods and assumptions:

Receivables/Payables are evaluated by the company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

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**OYO Hospitality UK Ltd****Notes to Financial Statements for the period 28 August 2018 to 31 March 2019****15. Key accounting estimates and assumptions**

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Critical accounting estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

**a) Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

**b) Impairment of investment in subsidiaries**

The Company conducts impairment reviews of investment in subsidiaries whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable, or tests for impairment annually in accordance with the relevant accounting standards. Determining whether an asset is impaired requires an estimation of the recoverable amount, which requires the Company to estimate the value in use which base on future cash flows and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, an impairment loss may arise.

**16. Controlling Party**

Immediate Holding Company	Oravel Stays Singapore Pte Ltd.
Ultimate Holding Company	Oravel Stays Private Limited
Smallest and largest group for which group accounts are prepared that include the results of the company	Oravel Stays Private Limited
Group accounts publicly available	No