

# **Firmdale Holdings Limited**

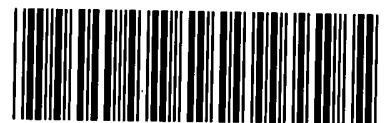
**Report and Financial Statements**

**Year Ended**

**31 January 2017**

**Company Number 04648681**

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# Firmdale Holdings Limited

## Company Information

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<b>Directors</b>	C M Aberle C K B Brotchie J P Gray T J R Kemp
<b>Company secretary</b>	M T Soden
<b>Registered number</b>	04648681
<b>Registered office</b>	21 Golden Square London W1F 9JN
<b>Independent auditor</b>	BDO LLP 55 Baker Street London W1U 7EU

# Firmdale Holdings Limited

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# **Firmdale Holdings Limited**

## **Group Strategic Report for the Year Ended 31 January 2017**

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### **Introduction**

The directors have pleasure in presenting their report and the financial statements of the Group for the year ended 31 January 2017.

### **Principal activities and business review**

The principal activity of the Group is that of luxury hotel developer, manager and operator in Central London and New York. The properties it owns and operates in London are the Covent Garden Hotel, the Charlotte Street Hotel, the Soho Hotel, the Haymarket Hotel and the Ham Yard hotel in the West End, plus the Knightsbridge Hotel, Number 16 hotel and Dorset Square Hotel in Knightsbridge, South Kensington and Marylebone respectively. It also owns and operates the Crosby Street Hotel and the Whitby Hotel in the SoHo and Midtown districts of Manhattan respectively.

The Whitby Hotel opened on 27 February 2017 to great critical acclaim and is already trading at a room rate in excess of \$900.

During 2016 the Company won the HR in Hospitality Excellence in Employee Engagement Award and Caterer People Candidate Experience Award. Ham Yard won the Harden's Best Afternoon Tea Award, Haymarket won The Good Hotel Award and Number 16 a Best Hotel Garden award. The Company has also won the prestigious Catey Best Employer 2017 Award.

### **Revenue performance**

During 2016 the UK reported a GDP growth of some 1.8% despite the huge uncertainty caused by the vote to leave the European Union. Further global uncertainty was caused by the election of Donald Trump as President of the United States. The subdued economy in Europe, plus the Chinese and other emerging market economies slowing quite markedly caused further drag on UK economic activity.

As a result various sector specialists have reported that rooms yield in the London hotels market as a whole remained flat in 2016 as a small increase in room rates was offset by a decline in occupancy. Against this background Firmdale are pleased to report that their combined managed and operated hotels in London showed an overall increase of 5.3% in rooms yield, driven by increases in both occupancy and room rate.

Total Revenues for the combined eight London managed and operated hotels increased by 5.3% to £97.4m. The business mix was 57% from Rooms, 41% Food & Beverage and 2% from other sales.

The Crosby Street Hotel in New York continues to show strong growth some seven years after opening with Total Revenues rising 7.0% to \$35.9m, driven by increases across the board in bedroom occupancy, average rate and Food & Beverage. It remains one of the highest yielding hotels in Manhattan.

Total Group Turnover reached a new record of £126m, a year on year growth of 7.4%.

### **Future developments**

The Group is seeking further development opportunities in London but at present there are no specific projects secured.

# Firmdale Holdings Limited

## Group Strategic Report for the Year Ended 31 January 2017

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### Principal risks and uncertainties

The principal financial risks faced by the Group, and the Group's objectives and policies in relation to those risks, are as follows:

#### *Cash flow risk*

The finance department closely manages the Group's cash flow. Detailed cash flow forecasts are regularly prepared with the objective of alerting the directors to potential future risks. It is the Group's policy to ensure that forecast funding requirements can be met with available committed facilities.

#### *Credit risk*

Credit risk is the financial exposure generated by the potential default of third parties in fulfilling their obligations. Credit risk arises for the Group if it is unable to recover sums due from clients and it is mitigated by setting maximum levels of credit tolerance for more significant clients. For Firmdale this risk is very small as the value of Trade Debtors was less than 0.5% of Net Assets.

#### *Interest rate risk*

The Group's interest rate policy has the twin objectives of minimising net interest expense whilst providing protection from material adverse movements in interest rates. The Group has fixed £119m of borrowings (43% of total) at an inclusive rate of 4.223% for ten years from November 2014. It has also contracted interest rate caps in respect of a further 37% of borrowings in both London and New York to further mitigate any material adverse movements in interest rates.

#### *Currency risk*

The Group faces a currency risk on its overseas net assets and earnings, on translation of foreign currency transactions.

### Financial key performance indicators

Earnings before interest, tax, depreciation and exceptional items were £25.3m (2016 - £17.1m). The profit for the year after tax was £2.3m (2016 - loss of £8.6m).

Combined average room rate across the eight London properties increased 3.3% to £360 during the year whilst average occupancy increased 1.6% to 85.2%. Average Rooms Yield thereby increased by 5.3% to £307.

The Crosby Street Hotel increased average room rate by 4.3% to US\$897 and occupancy by 1.9% to 88.5%.

Food & Beverage Revenues increased 4.2% to £39.6m in London and 7.2% to US\$10.0m in New York.

Income from Private Events contributed 12.4% of total revenues in London and 11.7% in New York.

Conversion of Hotel Revenues to Gross Operating Profit improved 3.6% pts to 45.2%.

# **Firmdale Holdings Limited**

## **Group Strategic Report for the Year Ended 31 January 2017**

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



.....  
**T J R Kemp**  
Director

Date: 21 July 2017

# Firmdale Holdings Limited

## Directors' Report for the Year Ended 31 January 2017

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The directors present their report and the financial statements for the year ended 31 January 2017.

### Directors' responsibilities

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 Group will continue in business.

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

### Results and dividends

The profit for the year, after taxation, amounted to £2,265,000 (2016 - loss £8,641,000).

An interim dividend of £1,010,000 was paid during the year (2016 - £842,000).

The directors declared a final dividend of £3 per share on 28 April 2017.

### Principal activity

The principal activity of the Company is that of a luxury hotel developer, manager and operator in Central London and New York.

### Directors

The directors who served during the year were:

C M Aberle  
C K B Brothie  
J P Gray  
T J R Kemp

# **Firmdale Holdings Limited**

## **Directors' Report (continued) for the Year Ended 31 January 2017**

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### **Financial instruments**

The Group has established a risk and financial management framework whose primary objectives are to protect the Group, from events that hinder the achievement of the Group's performance objectives.

The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level.

Further detail in respect of the Group's exposure to risks such as price, cash flow and liquidity risk has been provided in the strategic report set out on pages 1 - 3.

### **Employee involvement**

During the year, the policy of providing employees with information about the Group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the Group's profit sharing schemes.

### **Disabled employees**

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

### **Qualifying third party indemnity provisions**

The Group has maintained qualifying directors and officers insurance throughout the financial year and to the date of this report.

### **Matters covered in the strategic report**

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

### **Disclosure of information to auditor**

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

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's 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 and the Group's auditor is aware of that information.



# **Firmdale Holdings Limited**

## **Directors' Report (continued) for the Year Ended 31 January 2017**

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### **Auditor**

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

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



.....  
**T J R Kemp**  
Director

Date: 21 July 2017

# **Firmdale Holdings Limited**

## **Independent Auditor's Report to the Members of Firmdale Holdings Limited**

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We have audited the financial statements of Firmdale Holdings Limited for the year ended 31 January 2017 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Company's affairs as at 31 January 2017 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion 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 year 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.

# Firmdale Holdings Limited

## Independent Auditor's Report to the Members of Firmdale Holdings Limited

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### Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where 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.

**BDO LLP**

**Stuart Collins** (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom

Date: 21 July 2017

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

# Firmdale Holdings Limited

## Consolidated Statement of Comprehensive Income for the Year Ended 31 January 2017

	Note	2017 £000	2016 £000
Turnover	4	125,816	117,644
Cost of sales		(68,710)	(68,741)
<b>Gross profit</b>		<b>57,106</b>	<b>48,903</b>
Administrative expenses		(41,844)	(42,421)
Exceptional administrative expenses	13	-	(2,677)
Fair value movements	17	413	-
<b>Operating profit</b>	5	<b>15,675</b>	<b>3,805</b>
Interest receivable and similar income	9	23	7
Interest payable and similar charges	10	(10,865)	(10,533)
<b>Profit/(loss) before taxation</b>		<b>4,833</b>	<b>(6,721)</b>
Taxation on profit/(loss) on ordinary activities	11	(2,568)	(1,920)
<b>Profit/(loss) for the financial year</b>		<b>2,265</b>	<b>(8,641)</b>
Currency translation differences		12,698	1,418
Surplus on revaluation of freehold property	15	10,666	8,806
Surplus on revaluation of leasehold property	15	37,079	32,687
Surplus on revaluation of assets under the course of construction	15	18,838	1,426
Deferred tax charge on revalued freehold property	25	(2,641)	(2,143)
Deferred tax (charge)/credit on revalued leasehold property	25	(6,316)	737
Deferred tax charge on revalued assets under the course of construction	25	(1,595)	-
<b>Other comprehensive income for the year</b>		<b>68,729</b>	<b>42,931</b>
<b>Total comprehensive income for the year</b>		<b>70,994</b>	<b>34,290</b>
<b>Profit/(loss) for the year attributable to:</b>			
Non-controlling interests		61	107
Owners of the parent Company		2,204	(8,748)
		<b>2,265</b>	<b>(8,641)</b>
<b>Total comprehensive income for the year attributable to:</b>			
Non-controlling interest		2,577	107
Owners of the parent Company		68,417	34,183
		<b>70,994</b>	<b>34,290</b>

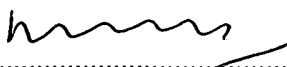
# Firmdale Holdings Limited

Registered number: 04648681

## Consolidated Statement of Financial Position as at 31 January 2017

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Tangible fixed assets	15	786,054	668,523
Investment property	17	1,912	1,499
		<u>787,966</u>	<u>670,022</u>
<b>Current assets</b>			
Stocks	18	1,359	1,102
Debtors	19	13,347	9,030
Cash and cash equivalents	20	11,775	16,573
		<u>26,481</u>	<u>26,705</u>
Creditors: amounts falling due within one year	21	(101,515)	(19,351)
<b>Net current (liabilities)/assets</b>		<u>(75,034)</u>	<u>7,354</u>
<b>Total assets less current liabilities</b>		<u>712,932</u>	<u>677,376</u>
Creditors: amounts falling due after more than one year	22	(202,305)	(250,448)
<b>Provisions for liabilities</b>			
Deferred taxation	25	(103,683)	(89,968)
<b>Net assets</b>		<u><u>406,944</u></u>	<u><u>336,960</u></u>
<b>Capital and reserves</b>			
Called up share capital	26	1,668	1,668
Share premium account	27	4,592	4,592
Revaluation reserve	27	374,222	318,319
Profit and loss account	27	24,102	12,598
<b>Equity attributable to owners of the parent Company</b>		<u>404,584</u>	<u>337,177</u>
Non-controlling interests		2,360	(217)
		<u><u>406,944</u></u>	<u><u>336,960</u></u>

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

  
 .....  
**T J R Kemp**  
 Director

Date: 21 July 2017

# Firmdale Holdings Limited

Registered number: 04648681

## Company Statement of Financial Position as at 31 January 2017

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Investments	16	1,727	1,727
<b>Current assets</b>			
Debtors	19	5,848	6,858
Creditors: amounts falling due within one year	21	(901)	(901)
<b>Net current assets</b>		<u>4,947</u>	<u>5,957</u>
<b>Net assets</b>		<u><u>6,674</u></u>	<u><u>7,684</u></u>
<b>Capital and reserves</b>			
Called up share capital	26	1,668	1,668
Profit and loss account	27	5,006	6,016
		<u><u>6,674</u></u>	<u><u>7,684</u></u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the Parent Company for the year was £NIL (2016 - £NIL)

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

  
.....  
**T J R Kemp**  
Director

Date: 21 July 2017

The notes on pages 17 to 39 form part of these financial statements.

## Firmdale Holdings Limited

### Consolidated Statement of Changes in Equity for the Year Ended 31 January 2017

	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Profit and loss account £000	Equity attributable to owners of parent Company £000	Non- controlling interests £000	Total equity £000
At 1 February 2016	1,668	4,592	318,319	12,598	337,177	(217)	336,960
<b>Comprehensive income for the year</b>							
Profit for the year	-	-	-	2,204	2,204	61	2,265
Currency translation differences	-	-	3,766	8,932	12,698	-	12,698
Surplus on revaluation of freehold property	-	-	9,548	-	9,548	1,118	10,666
Surplus on revaluation of leasehold property	-	-	37,079	-	37,079	-	37,079
Surplus on revaluation of assets under the course of construction	-	-	16,928	-	16,928	1,910	18,838
Deferred tax charge on revalued freehold property	-	-	(2,453)	-	(2,453)	(188)	(2,641)
Deferred tax charge on revalued leasehold property	-	-	(6,316)	-	(6,316)	-	(6,316)
Deferred tax charge on revalued assets under the course of construction	-	-	(1,271)	-	(1,271)	(324)	(1,595)
<b>Other comprehensive income for the year</b>	-	-	57,281	8,932	66,213	2,516	68,729
<b>Total comprehensive income for the year</b>	-	-	57,281	11,136	68,417	2,577	70,994
Dividends paid	-	-	-	(1,010)	(1,010)	-	(1,010)
Transfer to/from profit and loss account	-	-	(1,378)	1,378	-	-	-
<b>At 31 January 2017</b>	<b>1,668</b>	<b>4,592</b>	<b>374,222</b>	<b>24,102</b>	<b>404,584</b>	<b>2,360</b>	<b>406,944</b>

## Firmdale Holdings Limited

### Consolidated Statement of Changes in Equity for the Year Ended 31 January 2016

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 February 2015	1,668	4,592	276,979	20,597	303,836	(324)	303,512
<b>Comprehensive income for the year</b>							
Loss for the year	-	-	-	(8,748)	(8,748)	107	(8,641)
Currency translation differences	-	-	1,597	(179)	1,418	-	1,418
Surplus on revaluation of freehold property	-	-	8,806	-	8,806	-	8,806
Surplus on revaluation of leasehold property	-	-	32,687	-	32,687	-	32,687
Surplus on revaluation of assets under the course of construction	-	-	1,426	-	1,426	-	1,426
Deferred tax charge on revalued freehold property	-	-	(2,143)	-	(2,143)	-	(2,143)
Deferred tax credit on revalued leasehold property	-	-	737	-	737	-	737
<b>Other comprehensive income for the year</b>	-	-	43,110	(179)	42,931	-	42,931
<b>Total comprehensive income for the year</b>	-	-	43,110	(8,927)	34,183	107	34,290
Dividends paid	-	-	-	(842)	(842)	-	(842)
Transfer to/from profit and loss account	-	-	(1,770)	1,770	-	-	-
<b>At 31 January 2016</b>	<b>1,668</b>	<b>4,592</b>	<b>318,319</b>	<b>12,598</b>	<b>337,177</b>	<b>(217)</b>	<b>336,960</b>



## Firmdale Holdings Limited

### Company Statement of Changes in Equity for the Year Ended 31 January 2017

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 February 2016	1,668	6,016	7,684
Dividends paid	-	(1,010)	(1,010)
<b>At 31 January 2017</b>	<b>1,668</b>	<b>5,006</b>	<b>6,674</b>

### Company Statement of Changes in Equity for the Year Ended 31 January 2016

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 February 2015	1,668	6,858	8,526
Dividends paid	-	(842)	(842)
<b>At 31 January 2016</b>	<b>1,668</b>	<b>6,016</b>	<b>7,684</b>

The notes on pages 17 to 39 form part of these financial statements.

# Firmdale Holdings Limited

## Consolidated Statement of Cash Flows for the Year Ended 31 January 2017

	2017 £000	2016 £000
<b>Cash flows from operating activities</b>		
Profit/(loss) for the financial year	2,265	(8,641)
<b>Adjustments for:</b>		
Depreciation of tangible assets	9,578	10,592
Impairments of fixed assets	-	2,677
(Profit)/loss on disposal of tangible assets	(13)	72
Interest payable and similar charges	10,865	10,533
Interest receivable and similar income	(23)	(7)
Taxation charge	2,568	1,920
(Increase)/decrease in stocks	(257)	13
(Increase)/decrease in debtors	(5,217)	1,372
Increase in creditors	3,362	3,766
Net fair value gains recognised in the statement of comprehensive income	(413)	-
Taxation paid	(2,515)	(68)
Foreign exchange	(10,281)	(4,176)
<b>Net cash generated from operating activities</b>	<b>9,919</b>	<b>18,053</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(32,400)	(27,810)
Sale of tangible fixed assets	17	(1)
Interest received	23	7
<b>Net used in investing activities</b>	<b>(32,360)</b>	<b>(27,804)</b>

## Firmdale Holdings Limited

### Consolidated Statement of Cash Flows (continued) for the Year Ended 31 January 2017

	2017 £000	2016 £000
<b>Cash flows from financing activities</b>		
New secured loans	28,479	13,204
Dividends paid	-	(842)
Interest paid	(10,865)	(10,533)
<b>Net cash generated from financing activities</b>	<u>17,614</u>	<u>1,829</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(4,827)</u>	<u>(7,922)</u>
Cash and cash equivalents at beginning of year	16,503	24,425
<b>Cash and cash equivalents at the end of year</b>	<u><u>11,676</u></u>	<u><u>16,503</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	11,775	16,573
Bank overdrafts	(99)	(70)
	<u><u>11,676</u></u>	<u><u>16,503</u></u>

# Firmdale Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2017

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### 1. General information

Firmdale Holdings Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the Company's operations and its principal activity are set out in the directors' report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

#### 2.2 Basis of consolidation

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

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

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 February 2014.

#### 2.3 Going concern

In assessing the going concern basis of preparation of the financial statements for the year ended 31 January 2017, the directors have taken into consideration detailed cash flow forecasts for the Group, the availability of funding from the bank and the Group's forecast compliance with bank covenants.

The Group balance sheet reports net current liabilities of £75m, principally due to loans falling due for renewal in 2017 (see note 23). The Group is in advanced negotiations with providers of finance and is confident of attractive offers for renewal terms, particularly given the quality of the Group's asset base.

Based on loan agreements and an established and cash generative business model, the directors are of the view that the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements for the year ended 31 January 2017.

# Firmdale Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2017

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### 2. Accounting policies (continued)

#### 2.4 Revenue

Revenue represents amounts receivable for accommodation, food and beverage sales and ancillary hotel services provided in the normal course of business.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Deposits which have been received at the reporting date for which services have not yet been provided are included in accruals and deferred income within creditors.

#### 2.5 Tangible fixed assets

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

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives. Assets in the course of construction are not depreciated until available for use.

Depreciation is provided on the following basis:

Freehold property	- 50 years straight line
Motor vehicles	- 20% and 33% per annum on cost
Fixtures and fittings	- 15% and 20% per annum on cost

Land is not depreciated.

#### 2.6 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the statement of financial position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

# **Firmdale Holdings Limited**

## **Notes to the Financial Statements for the Year Ended 31 January 2017**

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### **2. Accounting policies (continued)**

#### **2.7 Operating leases: Lessee**

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

#### **2.8 Operating leases: Lessor**

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

#### **2.9 Impairment of non-financial assets**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

#### **2.10 Investment property**

Certain Group properties are held for long-term investment. Investment properties are accounted for as follows:

Investment properties are initially recognised at cost, which includes purchase cost and any directly attributable expenditure.

Investment properties whose fair value can be measured reliably are measured at fair value. The surplus or deficit on revaluation is recognised in profit or loss and accumulated in retained earnings.

#### **2.11 Valuation of investment**

Investments in subsidiaries are measured at cost less accumulated impairment.

#### **2.12 Stocks**

Stocks are stated at the lower of cost and net realisable value, which is selling price less costs to sell after making due allowance for obsolete and slow-moving stocks. Cost is based on the cost of purchase on a first in, first out basis.

# Firmdale Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2017

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### 2. Accounting policies (continued)

#### 2.13 Debtors

Short term debtors are measured at transaction price, less any impairment, unless the arrangement constitutes a financing transaction.

Where the arrangement constitutes a financing transaction, the debtor is initially measured at the present value of future cash receipts discounted at the market rate of interest and subsequently at amortised cost.

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 impairment.

#### 2.14 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks, cash in hand, short term deposits with a maturity date of three months or less and bank overdrafts.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

#### 2.15 Financial instruments

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group uses interest rate swaps to adjust interest rate exposures.

Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of interest rate swaps are determined by calculating the present value of estimated future cash flows based on observable yield curves.

# Firmdale Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2017

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### 2. Accounting policies (continued)

#### 2.16 Creditors

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

Where an arrangement constitutes a financing transaction the creditor is initially measured at the present value of future payments discounted at a market rate of interest and subsequently at amortised cost.

#### 2.17 Foreign currency translation

##### Functional and presentation currency

The Company's functional and presentational currency is GBP.

##### Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

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

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

#### 2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.



# Firmdale Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2017

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### 2. Accounting policies (continued)

#### 2.19 Pensions

##### Defined contribution pension plan

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

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

#### 2.20 Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

#### 2.21 Borrowing costs

All borrowing costs are recognised in the consolidated statement of comprehensive income in the year in which they are incurred.

#### 2.22 Current and deferred taxation

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

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

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

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

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

# Firmdale Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2017

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### 2. Accounting policies (continued)

#### 2.23 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

#### 2.24 Related party transactions

The Group discloses transactions and balances between related parties which are not wholly owned within the Group.

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

The following judgements (including key areas of estimation uncertainty) have had the most significant effect on amounts recognised in the financial statements:

#### *Revaluation on tangible fixed assets*

The Group engaged independent valuation specialists to determine fair value of its leasehold and freehold hotel properties at the end of the reporting period. Details of the key assumptions and techniques utilised by the valuer have been detailed in note 15.

#### *Fair value of investment properties*

The directors have made key assumptions regarding the determination of the fair value of investment properties. The assumption are in respect of the state of the property market in locations where each of the properties are located. The valuation method is described in note 17 together with the valuation of the properties at the reporting date.

#### *Fair value of derivative financial instruments*

The Group engaged with valuation specialists to determine the fair value of derivative financial instruments such as interest rate swap and cap arrangements at the end of the reporting period. Details of the key assumptions and techniques utilised in determining this fair value have been included in note 24.

# Firmdale Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2017

### 4. Turnover

An analysis of turnover by class of business is as follows:

	2017 £000	2016 £000
Operation of hotels	116,625	116,108
Operation of laundry	8,173	777
Operating lease rental income	1,017	759
	<u>125,815</u>	<u>117,644</u>

Analysis of turnover by country of destination:

	2017 £000	2016 £000
United Kingdom	98,973	94,070
Rest of the world	26,843	23,574
	<u>125,816</u>	<u>117,644</u>

### 5. Operating profit

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

	2017 £000	2016 £000
Depreciation of tangible fixed assets	9,578	10,592
Impairment of tangible fixed assets	-	2,677
(Profit)/loss on disposal of tangible fixed assets	(13)	72
Exchange differences	(7,230)	2,821
Operating lease rentals - land and buildings	<u>7,369</u>	<u>6,995</u>

# Firmdale Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2017

### 6. Auditor's remuneration

	2017 £000	2016 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	110	107
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
Other services relating to taxation	15	15
All other services	20	15

### 7. Employees

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

	2017 £000	2016 £000
Wages and salaries	41,761	34,200
Social security costs	2,828	3,278
Cost of defined contribution scheme	228	234
	<b>44,817</b>	<b>37,712</b>

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

	2017 No.	2016 No.
Hotels and restaurants	1,256	1,212
Administration	116	112
Sales and marketing	18	17
Laundry	71	70
	<b>1,461</b>	<b>1,411</b>

# Firmdale Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2017

### 8. Directors' remuneration

	2017 £000	2016 £000
Directors' emoluments	426	407
Company contributions to defined contribution pension schemes	55	55
	<u>481</u>	<u>462</u>

During the year retirement benefits were accruing to 2 directors (2016 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £371 thousand (2016 - £367,000).

### 9. Interest receivable and similar income

	2017 £000	2016 £000
Other interest receivable	<u>23</u>	<u>7</u>

### 10. Interest payable and similar charges

	2017 £000	2016 £000
Bank interest payable	10,865	7,047
Other interest payable	-	3,486
	<u>10,865</u>	<u>10,533</u>

# Firmdale Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2017

### 11. Taxation

	2017 £000	2016 £000
<b>Foreign tax</b>		
Foreign tax on income for the year	2,515	68
	<u>2,515</u>	<u>68</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	3,738	1,852
Adjustments in respect of prior periods	(521)	-
Effect of tax rate change on opening balance	(3,164)	-
	<u>53</u>	<u>1,852</u>
<b>Taxation on profit on ordinary activities</b>	<u>2,568</u>	<u>1,920</u>

### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 20.00% (2016 - 20.17%). The differences are explained below:

	2017 £000	2016 £000
Profit/(loss) on ordinary activities before tax	<u>4,833</u>	<u>(6,721)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2016 - 20.17%)	967	(1,356)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	1,233	2,073
Non-taxable income	(83)	-
Gains on revalued assets	(30)	-
Other permanent differences	(264)	-
Prior year adjustments	(521)	26
Change in tax rate on opening deferred tax balance	(291)	(84)
Difference in overseas tax rates	1,557	-
Other differences leading to an increase (decrease) in the tax charge	-	1,261
<b>Total tax charge for the year</b>	<u>2,568</u>	<u>1,920</u>

# Firmdale Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2017

### 12. Dividends

	2017 £000	2016 £000
Dividends payable	1,010	842
	<u>1,010</u>	<u>842</u>

### 13. Exceptional items

	2017 £000	2016 £000
Impairment loss on tangible fixed assets	-	2,677
	<u>-</u>	<u>2,677</u>

The prior year impairment loss relates to a hotel within the Group's portfolio for which the recoverable amount of the property was assessed to be lower than the net book value.

### 14. Parent company disclosure exemptions

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the Parent Company for the year was £NIL (2016 - £NIL).

The Company has taken advantage of the disclosure exemption in respect of the requirements of Section 7 Statement of Cash Flows, as allowed to a qualifying entity as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and has not presented its own cash flow statement in these financial statements. This information is included in the consolidated cash flow statement of Firmdale Holdings Limited.

## Firmdale Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 January 2017

#### 15. Tangible fixed assets

Group	Other freehold & leasehold property £000	Freehold & leasehold hotels £000	Motor vehicles £000	Fixtures and fittings £000	In the course of construction £000	Total £000
<b>Cost or valuation</b>						
At 1 February 2016	14,545	612,319	411	3,258	58,138	688,671
Additions	29	1,077	69	854	30,371	32,400
Disposals	-	-	(35)	-	-	(35)
Revaluations	12,401	29,565	-	-	18,838	60,804
Exchange adjustments	-	20,765	-	-	11,554	32,319
At 31 January 2017	26,975	663,726	445	4,112	118,901	814,159
<b>Depreciation</b>						
At 1 February 2016	392	16,983	305	2,468	-	20,148
Charge for the period	173	9,030	52	323	-	9,578
Disposals	-	-	(31)	-	-	(31)
On revalued assets	(565)	(5,214)	-	-	-	(5,779)
Exchange adjustments	-	4,189	-	-	-	4,189
At 31 January 2017	-	24,988	326	2,791	-	28,105
<b>Net book value</b>						
At 31 January 2017	26,975	638,738	119	1,321	118,901	786,054
At 31 January 2016	14,153	595,336	106	790	58,138	668,523



# Firmdale Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2017

### 15. Tangible fixed assets (continued)

The freehold and leasehold properties and hotels were valued by Jones Lang LaSalle or MRICS, independent valuers with a recognised and relevant professional qualification and with recent experience in the location and category being valued, either at 31 January 2016 or 31 January 2017, on the basis of fair value in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors. For assets valued at 31 January 2016, the valuer has reviewed the properties as at 31 January 2017 and concluded there has been no material change in value during the year.

The US leasehold hotel and hotel asset in the course of construction was valued by HVS Consulting and Valuation Services, an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the property being valued, as at 31 January 2015 based on fair value. The valuer has reviewed the properties as at 31 January 2017 and concluded there has been no material change in value during the year.

UK assets in the course of construction were valued by MRICS, an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the property being valued, as at 31 January 2017, on the basis of market value in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors.

The Company had no tangible fixed assets as at 31 January 2017 (2016 - £NIL).

If certain fixed assets had not been included at valuation they would have been included under the historical cost convention as follows:

	2017 £000	2016 £000
<b>Group</b>		
Cost	508,458	405,223
Accumulated depreciation	(65,531)	(54,821)
<b>Net book value</b>	<b>442,927</b>	<b>350,402</b>

# Firmdale Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2017

### 16. Fixed asset investments

#### Direct subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Firmdale Hotels Plc ^	Ordinary	100 %	Hotelier
Firmdale West End Limited ^	Ordinary	100 %	Non trading
HY Hotels Limited ^	Ordinary	100 %	Non trading
Firmdale Holdings (USA) Inc. ^^	Ordinary	100 %	Non trading

#### Indirect subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Firmdale Property Investments Limited * ^	Ordinary	100 %	Hotelier
Soho Hotel Limited * ^	Ordinary	100 %	Hotelier
Palace Laundry (Fulham) Limited ** ^	Ordinary	79.7 %	Laundry
Number Sixteen Hotel Limited ** ^	Ordinary	100 %	Hotelier
56th Street LLC *** ^^	Ordinary	100 %	Property
Crosby Street LLC *** ^^	Ordinary	100 %	Hotelier
Ham Yard Investment Limited **** ^	Ordinary	100 %	Hotelier

\* Subsidiary of Firmdale West End Limited

\*\* Subsidiary of Ham Yard Investment Limited

\*\*\* Subsidiary of Firmdale Holdings (USA) Inc.

\*\*\*\* Subsidiary of HY Hotels Limited

^ Incorporated in England and Wales and have the same registered office address as the Company (see company information page).

^^ Incorporated in United States of America. The registered office address is 79 Crosby Street, New York, NY 10012, USA.

# Firmdale Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2017

### 16. Fixed asset investments (continued)

#### Company

	Investments in subsidiary companies £000
<b>Cost or valuation</b>	
At 1 February 2016	1,727
At 31 January 2017	1,727
<b>Net book value</b>	
At 31 January 2017	1,727
At 31 January 2016	1,727

### 17. Investment property

#### Group

	Freehold investment property £000	Long term leasehold investment property £000	Total £000
<b>Valuation</b>			
At 1 February 2016	1,487	12	1,499
Surplus on revaluation	413	-	413
<b>At 31 January 2017</b>	<b>1,900</b>	<b>12</b>	<b>1,912</b>

The fair value of the investment property has been determined by MRICS with reference to the sales price of similar properties in the same geographic location.

# Firmdale Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2017

### 18. Stocks

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Refurbishment and maintenance stock	590	324	-	-
Finished goods and goods for resale	769	778	-	-
	<u>1,359</u>	<u>1,102</u>	<u>-</u>	<u>-</u>

Stock recognised in cost of sales during the year as an expense was £16.5m (2016 - £16.4m).

The replacement cost of stock was not materially different to the amount stated above.

### 19. Debtors

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Trade debtors	1,513	1,064	-	-
Amounts owed by group undertakings	-	-	5,848	6,858
Other debtors	4,062	2,845	-	-
Prepayments and accrued income	7,772	5,121	-	-
	<u>13,347</u>	<u>9,030</u>	<u>5,848</u>	<u>6,858</u>

All amounts shown under debtors fall due for payment within one year, except as indicated below:

Included within other debtors in the prior year is an amount due after more than one year of £228,000. There are no debtors due after more than one year as at 31 January 2017.

Amounts owed by group undertakings are unsecured, interest-free and have no fixed date of repayment.

### 20. Cash and cash equivalents

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Cash at bank and in hand	11,775	16,573	-	-
Less: bank overdrafts	(99)	(70)	-	-
	<u>11,676</u>	<u>16,503</u>	<u>-</u>	<u>-</u>

# Firmdale Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2017

### 21. Creditors: Amounts falling due within one year

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Bank overdrafts	99	70	-	-
Bank loans	78,489	-	-	-
Trade creditors	7,137	6,460	-	-
Amounts owed to group undertakings	-	-	901	901
Other taxation and social security	2,817	3,178	-	-
Other creditors	1,939	731	-	-
Accruals and deferred income	11,034	8,912	-	-
	<b>101,515</b>	<b>19,351</b>	<b>901</b>	<b>901</b>

Bank overdrafts are secured by:

- legal charges over the freehold and leasehold properties of the Group;
- fixed and floating charges over the book debts and other assets of the Group;
- investment in the wholly owned subsidiary, Firmdale Holdings (USA) Inc;
- investment in the wholly owned subsidiary, Soho Hotel Limited, and;
- investment in the wholly owned subsidiary, Firmdale Property Investments Limited.

Amounts owed to group undertakings are unsecured, interest-free and have no fixed date of repayment.

### 22. Creditors: Amounts falling due after more than one year

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Bank loans	202,305	250,328	-	-
Other creditors	-	120	-	-
	<b>202,305</b>	<b>250,448</b>	<b>-</b>	<b>-</b>

Bank loans are secured by:

- legal charges over the freehold and leasehold properties of the Group; and
- fixed and floating charges over the book debts and other assets of the Group.

## Firmdale Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 January 2017

#### 23. Loans

Analysis of loans by maturity is set out below:

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
<b>Amounts falling due within one year</b>				
Bank loans	78,489	-	-	-
<b>Amounts falling due between one and two years</b>				
Bank loans	82,908	131,017	-	-
<b>Amounts falling due after more than five years</b>				
Bank loans	119,397	119,311	-	-
	<u>280,794</u>	<u>250,328</u>	<u>-</u>	<u>-</u>

Included within bank loans are facilities with two providers; Lloyds Bank Plc and Wells Fargo.

The facilities with Wells Fargo bank are denominated in US Dollars and repayable in full on 1st April 2018. Interest is accruing on these facilities at a blended margin of 5.55% above US LIBOR. The total amount outstanding at year end was £82.9m (2016 - £52.7m).

The facilities with Lloyds Bank Plc comprise a variable rate term facility loan, with interest accruing at LIBOR plus 2.00% per annum, and variable rate revolving facility loan with interest accruing at LIBOR plus 2.20% per annum. Both facilities are due for repayment in full on 26 November 2017. The total amount outstanding as at the year end was £78.5m (2016 - £78.4m).

Included within loans due after more than five years is a fixed rate facility loan provided by Standard Life Investment Limited, with interest fixed at 4.223% per annum. Interest only is paid until the termination of the loan on 26 November 2024, when the capital amount is to be repaid in full. The total amount outstanding as at the year end was £119.4m (2016 - £119.3m).

# Firmdale Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2017

### 24. Financial instruments

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
<b>Financial assets</b>				
Financial assets that are debt instruments measured at amortised cost	5,572	3,800	5,848	6,858
	<u>5,572</u>	<u>3,800</u>	<u>5,848</u>	<u>6,858</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	(289,969)	(267,127)	(901)	(901)
	<u>(289,969)</u>	<u>(267,127)</u>	<u>(901)</u>	<u>(901)</u>

Financial assets measured at amortised cost comprise trade and other debtors.

Financial liabilities measured at amortised cost comprise bank loans, bank overdrafts, accruals, trade and other creditors.

### 25. Deferred taxation

#### Group

	2017 £000	2016 £000
At beginning of year	(89,968)	(86,367)
Charged to profit or loss	(2,568)	(1,240)
Charged to other comprehensive income	(10,552)	(2,286)
Exchange adjustments	(595)	-
Utilised in year	-	(75)
<b>At end of year</b>	<u>(103,683)</u>	<u>(89,968)</u>

# Firmdale Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2017

### 25. Deferred taxation (continued)

	Group 2017 £000	Group 2016 £000
Accelerated capital allowances	(621)	(580)
Short term timing differences	19	-
Tax losses carried forward and other deductions	3,405	5,293
Timing difference on revalued fixed assets	(98,870)	(91,648)
US State Tax payable on foreign currency gains	(7,616)	(3,033)
	<u>(103,683)</u>	<u>(89,968)</u>

### 26. Share capital

	2017 £000	2016 £000
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
1,667,596 (2016 - 1,667,596) Ordinary shares of £1 each	<u>1,668</u>	<u>1,668</u>

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not cover any rights of redemption.

### 27. Reserves

#### Share premium

This reserve records the amount above the nominal value received for shares issued, less transaction costs.

#### Revaluation reserve

This reserve records the amount above the historic cost of tangible fixed assets. The amount of depreciation provided on book value which represents a surplus on valuation is transferred as a reserves movement to retained earnings.

#### Profit and loss account

This reserve records all historical profits and losses recognised by the Group, net of any due taxes and dividends declared.

### 28. Contingent assets and liabilities

The Company participates in a group VAT registration and is jointly and severally liable for a VAT liability of £2.0m (2016 - £2.0m), which has not been provided for in the Company's accounts.



# Firmdale Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2017

### 29. Capital commitments

At 31 January 2017 the Group and Company had capital commitments as follows:

	Group 2017 £000	Group 2016 £000
Contracted for but not provided in these financial statements	37,899	33,192

### 30. Pension commitments

The Group operates a defined contribution scheme for certain employees. The assets of the scheme are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and amounted to £228,000 (2016 - £234,000).

### 31. Commitments under operating leases

At 31 January 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £000	Group 2016 £000
<b>Land and buildings</b>		
Not later than 1 year	12,908	10,737
Later than 1 year and not later than 5 years	57,500	36,264
Later than 5 years	610,153	717,539
<b>Total</b>	<b>680,561</b>	<b>764,540</b>

The Group holds two office and three residential properties as investment properties as disclosed in note 16. The offices are occupied under non-cancellable leases and have remaining terms of between one and five years. The residential properties are freehold tenure and are let to third parties.

At 31 January 2017 the Company had future minimum rentals receivable under non-cancellable operating leases as follows:

# Firmdale Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2017

### 31. Commitments under operating leases (continued)

	Group 2017 £000	Group 2016 £000
Not later than 1 year	641	653
Later than 1 year and not later than 5 years	1,153	1,661
Later than 5 years	-	3
<b>Total</b>	<b>1,794</b>	<b>2,317</b>

### 32. Related party transactions

At the statement of financial position date T J R Kemp, a director and shareholder of Firmdale Holdings Limited, owed a group company £498,122 (2016 - a group company owed £154,072 to T J R Kemp). The maximum amount owing to the group company during the year was £722,396 (2016 - the maximum amount owing to T J R Kemp was £582,544). The loan is interest free and no amounts have been written off. In addition, T J R Kemp was in receipt of dividends from the Company of £900,000 (2016 - £750,003).

A group company has a commercial sponsorship agreement with Miss W Kemp who competes at international level for dressage, and is the daughter of T J R Kemp. Under the terms of this agreement £60,000 (2016 - £100,000) was paid in total towards Miss W Kemp's equestrian expenses during the year. An additional contribution of £22,500 (2016 - £20,000) was paid in the year.

The Group has made available to the trustees of the Firmdale Hotels Plc retirement benefit scheme a loan facility of £550,000 (2016 - £550,000) of which £230,000 (2016 - £220,000) was drawn down during the current year. In addition, interim dividends of £109,876 (2016 - £91,564) were payable to the trustees of the Firmdale retirement benefit scheme by the Company. The balance of the loan outstanding at the year end was £348,561 (2016 - £228,436) and is included within other debtors.

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. The total aggregate compensation paid to the key management personnel (including directors' remuneration as disclosed in note 8) by the Group was £1,642,607 (2016 - £2,663,601).

All related party transactions during the year were at arms length.

### 33. Controlling party

The ultimate controlling party is the Trustee of Kemp Family Foundation, the majority shareholder in the Group's parent entity.