

Firmdale Holdings Limited

Annual Report and Financial Statements

Year Ended

31 January 2020

Company Number 04648681



Firmdale Holdings Limited

Company Information

Directors

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

Company secretary

M T Soden

Registered number

04648681

Registered office

18 Thurloe Place
London
SW7 2SP

Independent auditor

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 2020

Introduction

The directors have pleasure in presenting their report and the financial statements of the Group for the year ended 31 January 2020.

Principal activities and business review

The principal activity of the Company is that of luxury hotel developer 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, the Number 16 hotel in South Kensington, the Dorset Square Hotel in Marylebone and the Knightsbridge hotel in Knightsbridge. In New York it owns and operates the Crosby Street Hotel and the Whitby Hotel in the downtown SoHo and Midtown districts of Manhattan respectively.

The Whitby Hotel had a soft opening on 27th February 2017 and has since received great critical acclaim including a Tatler "New York Knockout" Award and a Sleeper Magazine award for Best Suite.

The company was very pleased to have received the Queen's Award for Enterprise 2018 in recognition of its outstanding achievements in International Trade. This is the fourth time the company has received the award.

Other accolades awarded during 2018 included the Catey Hotel of the Year – Group award for The Ham Yard Hotel and the European Hotel Investment Conference Hall of Fame award for the Group. In 2019 the Charlotte Street restaurant and bar won the OpenTable Diner's Choice Award.

Revenue performance

The Office for National Statistics estimate that the UK economy grew by 1.1% during 2019, a seven year low driven by ongoing Brexit uncertainty and a slowing global economy.

The London hotel market also had to contend with several high profile terrorist attacks and an exceptional level of new rooms supply. Against this background, Firmdale are pleased to report that their eight managed and operated hotels combined showed an overall increase of 6.1% in rooms yield, as an average room rate of £410 was achieved at an average occupancy of 88%.

Total Revenues for these eight London properties increased 3.6% to £110.7m. The business mix was 61% from Rooms, 37% Food & Beverage and 2% from other sales.

In New York the two properties produced combined revenues of \$72.5m (£56.7m), an increase of 2.7% on prior year. The Crosby Street Hotel, with an average room rate of \$1,053 and average occupancy of 79%, remains one of the highest yielding hotels in Manhattan. In its second full financial year The Whitby Hotel delivered an average room rate of \$970 at an occupancy of 76%.

Group Turnover reached a new record £170m, an increase of 4.8% over prior year.

Future developments

The Company is seeking further development opportunities in both London and New York. Our third New York hotel is currently under development located close to the World Trade Centre complex.

Firmdale Holdings Limited

Group Strategic Report (continued) for the Year Ended 31 January 2020

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 cashflow. Detailed cashflow 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 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 has fixed its interest payment obligations on UK borrowings of £120m from Standard Life Investments Ltd and £120m from Hermes Investment Management Ltd until November 2024 at inclusive rates of 4.223% and 3.0% respectively. This represents 72% of total Group borrowings. The remaining debt is a \$125m US Dollar loan from Wells Fargo Bank which has the benefit of a 3.5% interest rate cap.

Currency risk

The Group faces currency risk on translation of its overseas net assets and earnings.

COVID-19

The COVID-19 crisis has caused mass disruption to all aspects of life and significantly impacted the hospitality industry globally. The directors have considered the impact on the Group's revenue streams, operational and administrative costs and liquidity. The Group is experiencing a decline in revenue and has taken measures to control costs through a combination of removing all discretionary spend and utilisation of the UK Government furlough scheme relating to employment costs. The Board will continue to monitor developments and adjust assumptions in forecasting the outturn for the remaining months of FY 2021. They are confident that given the measures taken and the level of cash available the company will be able to meet its obligations for the foreseeable future.

Financial key performance indicators

Earnings before interest, tax, depreciation and exceptional items has increased by 6.3% to £26.8m (2019 - £25.2m). The loss after tax was £3.0m (2019 - £3.9m).

Combined average room rate across the eight London properties increased 7.2% to £410 during the year whilst occupancy decreased 0.9% point to 87.7%. Average Rooms Yield (RevPAR) thereby increased 6.1% to £360.

In New York, the Crosby Street Hotel increased average room rate by 7.8% to US\$1,053 at an occupancy of 79%. The Whitby Hotel increased average room rate by 3.8% to \$970 at an occupancy of 76%.

Food & Beverage Revenues increased 0.1% to £40.8m in London and 5.9% to US\$21.7m in New York.

Income from Private Events contributed 11.8% of total revenues in London and 12.8% in New York.

Conversion of Group Hotel Revenues to Gross Operating Profit increased 0.4%pt to 40.3%.

Firmdale Holdings Limited

Group Strategic Report (continued) for the Year Ended 31 January 2020

Going Concern

The comprehensive measures that governments across the world have taken to limit the spread of the Coronavirus pandemic have had a dramatic effect on hospitality businesses worldwide since March. As our revenue collapsed to a trickle it became necessary to close all London and New York operations in order to contain costs. The lockdown restrictions started to lift for the hospitality industry in July and since then we have undertaken soft openings for the Ham Yard Hotel in London plus the Crosby Street and Whitby hotels in New York. Trading in August at Ham Yard was particularly encouraging and as a result we have opened the Charlotte Street Hotel, Soho Hotel and Number 16 hotel on 1st September. We anticipate demand improving further into the Autumn, those normally being extremely high performing months.

We have had support for paying wages through the period of closure from the government's Job Retention Scheme having furloughed the vast majority of our workers, and this scheme continues in some measure through until the end October. We also have a property tax holiday for the UK hotels for the full year through to March 2021. The remaining costs required to be serviced in the intervening months since March, and ongoing until more robust trading returns, are being funded by an overdraft from Lloyds bank and a further loan from Hermes Investment Management Ltd, a combined £25m. In addition we currently have a substantial offer on our Mandela Way, Southwark long leasehold land. The company continues to make every effort to contain costs to a minimum during this uncertain time, including cancelling its rolling property refurbishment programme and work on both its Richmond Building and Warren Street developments.

It is however difficult to estimate to what extent, and for how long, the ever changing government measures to control the Covid-19 pandemic will continue to have an impact on the hospitality trading environment. The Directors therefore recognise there is uncertainty over which they have no control. With a number of non-core assets available for disposal to supplement the funding already secured, the expectation of the Directors is that the Company will be able to meet liabilities as they fall due for a period of at least twelve months from the date of approval of the financial statements and therefore the going concern basis of preparation has been adopted.

For more information regarding the basis of preparation see note 2.3 to the financial statements.

Duty to promote the success of the Group

The directors consider the successful running of the Group in terms of achieving its long-term growth strategy which centres around building a sustainable, profitable business which has brand reputation at its heart. The success of the Group centres around positive and effective dealings with all the stakeholders of the group and the directors were mindful of the long-term consequences of key commercial decisions made during the year, and determined that these were in the interests of the Group's employees, suppliers, customers and other stakeholders, as they were all aligned to the group's growth strategy.

The group's success depends on the group maintaining a reputation for high standards of business conduct with customers and other stakeholders, whether in relation to specific community issues or with regards to environmental issues such as minimising the production of waste.

The principal decisions made in the year were:

- To sign the 75 year land lease for the proposed Warren Street New York development and commence groundworks.
- To commence redevelopment of the 9-8 Richmond Buildings in London's West End.

As set out in the directors' report, the Group engages with employee representatives on a wide range of matters. The Group also regularly engages with suppliers to maintain these important relationships.

The directors confirm that throughout the year they have acted in the way that they consider, in good faith, to be most likely to promote the success of the group for the benefit of its members as a whole.

Firmdale Holdings Limited

Group Strategic Report (continued) for the Year Ended 31 January 2020

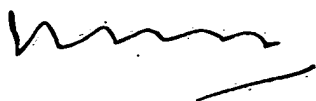
Post balance sheet event

On 30 January 2020 the World Health Organisation ("WHO") announced a global health emergency because of a new strain coronavirus (the "COVID-19 outbreak"). In March 2020, the WHO classified the outbreak as pandemic, based on the rapid increase in the exposure globally.

At the date of signing these financial statements, the global COVID-19 pandemic continues to have a devastating impact on the hospitality industry worldwide and the Group is no exception. As such, the Group is uncertain as to the full magnitude that the pandemic will have on the financial condition, liquidity and future results of operations. See the going concern information provided in note 2, for more details regarding management's assessment of the impact on the Group. The directors have considered the impact on the Group and Company and have determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 January 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic remains unclear at this time and the directors are monitoring the situation closely.

Subsequent to the year end Firmdale Hotels plc and Number Sixteen Hotel Limited became party to an unlimited cross guarantee in favour of Lloyds Bank Plc under which they are contingently liable for the overdrafts of Firmdale Hotels Plc. Number Sixteen Hotel Limited provided an unlimited debenture in favour of Lloyds Bank Plc as well as a secured fixed and floating charge over the long term leasehold property held by it. Firmdale Hotels plc also provided a debenture (including a fixed and float charge) over certain assets held by it but excluding certain specific named assets. The Company has given a share charge over the shares in Number Sixteen Hotel Limited in favour of Lloyds Bank Plc in respect to the obligations of Firmdale Hotels Plc.

Members of the Group, Palace Laundry Limited, Innovation Centre Limited and 21 Golden Square Ltd (a newly incorporated entity to hold the freehold of 21 Golden Square), also became party to an unlimited cross guarantee in favour of Sanne Fiduciary Services Limited (amongst others) under which they are contingently liable for the loan to Ham Yard Investment Limited. An unlimited debenture in favour of Sanne Fiduciary Services Limited was also provided by Palace Laundry Limited, Innovation Centre Limited and 21 Golden Square Ltd, which debenture includes a fixed and floating charge over the freehold properties held by the subsidiaries above. The Company has given a share charge over the shares held in each of Palace Laundry Limited and Innovation Centre Limited and HY Hotels Limited has given a share charge over the shares in Golden Square Ltd, in each case in favour of Sanne Fiduciary Services Limited in respect to the obligations of the relevant Group companies referred to in this paragraph.



.....
T J R Kemp
Director

Date: 14 September 2020

Firmdale Holdings Limited

Directors' Report for the Year Ended 31 January 2020

The directors present their report and the financial statements for the year ended 31 January 2020.

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). 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation and minority interests, amounted to £3,043,000 (2019 - £3,925,000).

An interim dividend of £2,307,000 was declared during the year (2019 - £Nil). £1,525,000 remains unpaid at the year end and is included in creditors.

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 Brotchie
J P Gray
T J R Kemp

Firmdale Holdings Limited

Directors' Report (continued) for the Year Ended 31 January 2020

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 - 4.

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.

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 - 4.

Engagement with employees

Firmdale understands that employees are integral to the success of their service driven business and are therefore committed to maximising workforce potential. The Group has built a reputation as an outstanding employer, committed to supporting the learning and development needs of each individual member of staff.

This commitment towards learning and development, together with the ability to offer competitive rates of pay and the chance to work for a leading luxury hotel brand, have ensured the upwards progression of the Firmdale management team from within. All current Hotel General Managers and over 80% of department heads are "home grown". Labour turnover has been reduced by more than 50% in the last five years and we have achieved a 90% satisfaction rating in our Staff Attitude Survey.

Our standing in the industry has been recognised with first three placings in Top 30 Best Places To Work In Hospitality for the past 4 years and we won the Catey Award for Best Employer in 2017.

Firmdale Holdings Limited

Directors' Report (continued) for the Year Ended 31 January 2020

Engagement with suppliers, customers and others

Firmdale consciously looks for suppliers who echo the ethos of the Group, be it in environmental awareness or social consideration. The Group's purchasing philosophy is to meet the demands and expectations of a global clientele by sourcing from quality, local and diverse suppliers. This is implemented by forming long term partnerships with suppliers, working closely in partnership with them.

Firmdale's supplier relationships are based on lawful, efficient and fair practices. We expect our suppliers to demonstrate they treat workers fairly and provide a safe and healthy work environment, way beyond the basic statutory regulations concerning forced labour or human trafficking.

Customer relations are paramount in Firmdale's belief system. Firmdale actively encourage customer comments and feedback and every form of correspondence, both positive and negative, is answered by a senior manager.

~~A rigorous Mystery Guest programme is run across the Group with stringent guidelines on what service standards to test and what guests should expect. This has proven successful in highlighting areas that require improvement or indeed that are working well. Every employee of Firmdale is encouraged to see service and experiences through the eyes of the customer. As a result of our long term pursuit of service excellence, more than 50% of the Company's business continues to be generated from returning guests.~~

Disclosure of information to auditor

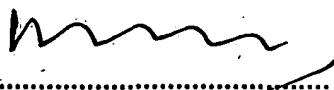
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- 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.

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: 14 September 2020

Firmdale Holdings Limited

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

Opinion

We have audited the financial statements of Firmdale Holdings Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 January 2020 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 notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 January 2020 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2.3 to the financial statements, which indicates the directors' considerations over going concern. The potential impact of COVID-19 means that the company is reliant on the disposal of non core assets to meet its liabilities as they fall due and, in the event of any covenant breaches, either obtaining covenant waivers or curing the breach, failing which the Company would need to seek alternative financial support. As stated in note 2.3, these events or conditions, along with other matters as set out in note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Firmdale Holdings Limited

Independent Auditor's Report to the Members of Firmdale Holdings Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Firmdale Holdings Limited

Independent Auditor's Report to the Members of Firmdale Holdings Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



Mark RA Edwards (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

Date: 18 September 2020

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 2020

	Note	2020 £000	2019 £000
Turnover	4	169,763	162,022
Cost of sales		(91,858)	(86,774)
Gross profit		77,905	75,248
Administrative expenses		(70,295)	(65,914)
Other operating income	5	1,222	174
Fair value movements		-	3,149
Operating profit	6	8,832	12,657
Interest receivable and similar income	10	316	235
Interest payable and similar charges	11	(14,903)	(14,500)
Loss before taxation		(5,755)	(1,608)
Tax on loss	12	2,711	(2,317)
Loss for the financial year		(3,044)	(3,925)
Currency translation differences		(584)	9,455
Surplus/(deficit) on revaluation of freehold property		2,440	(1,754)
Surplus on revaluation of leasehold property		36,633	25,288
Deferred tax credit on revalued freehold property		(163)	449
Deferred tax (charge)/credit on revalued leasehold property		(5,391)	(4,998)
Other comprehensive income for the year		32,935	28,440
Total comprehensive income for the year		29,891	24,515
(Loss) for the year attributable to:			
Non-controlling interests		(1)	-
Owners of the parent Company		(3,043)	(3,925)
		(3,044)	(3,925)
Total comprehensive income for the year attributable to:			
Non-controlling interest		(1)	-
Owners of the parent Company		29,892	24,515
		29,891	24,515

The notes on pages 20 to 45 form part of these financial statements.

Firmdale Holdings Limited

Registered number: 04648681

Consolidated Statement of Financial Position as at 31 January 2020

	Note	2020 £000	2019 £000
Fixed assets			
Tangible fixed assets	14	899,093	863,614
Investment property	16	17,674	14,850
		<u>916,767</u>	<u>878,464</u>
Current assets			
Stocks	17	2,059	1,720
Debtors	18	12,869	10,856
Cash and cash equivalents	19	24,122	32,807
		<u>39,050</u>	<u>45,383</u>
Creditors: amounts falling due within one year	20	(24,821)	(22,323)
Net current assets		<u>14,229</u>	<u>23,060</u>
Total assets less current liabilities		<u>930,996</u>	<u>901,524</u>
Creditors: amounts falling due after more than one year	21	(330,872)	(331,852)
Provisions for liabilities			
Deferred taxation	24	(102,742)	(99,874)
Net assets		<u>497,382</u>	<u>469,798</u>
Capital and reserves			
Share capital	25	1,648	1,648
Share premium account	26	4,592	4,592
Revaluation reserve	26	474,148	443,222
Profit and loss account	26	12,804	16,145
Equity attributable to owners of the parent Company		<u>493,192</u>	<u>465,607</u>
Non-controlling interests		4,190	4,191
		<u>497,382</u>	<u>469,798</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: 14 September 2020

The notes on pages 20 to 45 form part of these financial statements.

Firmdale Holdings Limited

Registered number: 04648681

Company Statement of Financial Position as at 31 January 2020

	Note	2020 £000	2019 £000
Fixed assets			
Investments	15	14,977	14,977
		<u>14,977</u>	<u>14,977</u>
Current assets			
Debtors	18	1	1,638
		<u>1</u>	<u>1,638</u>
Creditors: amounts falling due within one year	20	(11,585)	(13,250)
Net current liabilities		<u>(11,584)</u>	<u>(11,612)</u>
Total assets less current liabilities		<u>3,393</u>	<u>3,365</u>
Net assets		<u>3,393</u>	<u>3,365</u>
Capital and reserves			
Called up share capital	25	1,648	1,648
Profit and loss account brought forward		1,717	1,742
Profit for the year		2,335	9,270
Other changes in the profit and loss account		(2,307)	(9,295)
		<u>1,745</u>	<u>1,717</u>
Profit and loss account carried forward		<u>3,393</u>	<u>3,365</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 £2,335,000 (2019 - £9,270,000).

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: 14 September 2020

The notes on pages 20 to 45 form part of these financial statements.

Firmdale Holdings Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 January 2020

	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 2019	1,648	4,592	443,222	16,145	465,607	4,191	469,798
Comprehensive loss for the year							
Loss for the year	-	-	-	(3,043)	(3,043)	(1)	(3,044)
Currency translation differences	-	-	(201)	(383)	(584)	-	(584)
Surplus on revaluation of freehold property	-	-	2,440	-	2,440	-	2,440
Surplus on revaluation of leasehold property	-	-	36,633	-	36,633	-	36,633
Deferred tax credit on revalued freehold property	-	-	(163)	-	(163)	-	(163)
Deferred tax charge on revalued leasehold property	-	-	(5,391)	-	(5,391)	-	(5,391)
Other comprehensive income for the year	-	-	33,318	(383)	32,935	-	32,935
Total comprehensive income for the year	-	-	33,318	(3,426)	29,892	(1)	29,891
Dividends: Equity capital	-	-	-	(2,307)	(2,307)	-	(2,307)
Transfer to/from profit and loss account	-	-	(2,392)	2,392	-	-	-
Total transactions with owners	-	-	(2,392)	85	(2,307)	-	(2,307)
At 31 January 2020	1,648	4,592	474,148	12,804	493,192	4,190	497,382

Firmdale Holdings Limited

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

	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 2018	1,668	4,592	419,711	24,730	450,701	3,897	454,598
Comprehensive income for the year							
Loss for the year	-	-	-	(3,925)	(3,925)	-	(3,925)
Currency translation differences	-	-	11,849	(2,394)	9,455	-	9,455
Deficit on revaluation of freehold property	-	-	(1,754)	-	(1,754)	-	(1,754)
Surplus on revaluation of leasehold property	-	-	25,288	-	25,288	-	25,288
Deferred tax credit on revalued freehold property	-	-	449	-	449	-	449
Deferred tax credit on revalued leasehold property	-	-	(4,998)	-	(4,998)	-	(4,998)
Other comprehensive income for the year	-	-	30,834	(2,394)	28,440	-	28,440
Total comprehensive income for the year	-	-	30,834	(6,319)	24,515	-	24,515
Purchase of own shares	(20)	-	-	(9,295)	(9,315)	-	(9,315)
Transfer to/from profit and loss account	-	-	(7,029)	7,029	-	-	-
Transfer to/from non-controlling interest	-	-	(294)	-	(294)	294	-
Total transactions with owners	(20)	-	(7,323)	(2,266)	(9,609)	294	(9,315)
At 31 January 2019	1,648	4,592	443,222	16,145	465,607	4,191	469,798

Firmdale Holdings Limited

Company Statement of Changes in Equity for the Year Ended 31 January 2020

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 February 2019	1,648	1,717	3,365
Comprehensive income for the year			
Profit for the year	-	2,335	2,335
Dividends paid	-	(2,307)	(2,307)
At 31 January 2020	1,648	1,745	3,393

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

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 February 2018	1,668	1,742	3,410
Comprehensive income for the year			
Profit for the year	-	9,270	9,270
Purchase of own shares	(20)	(9,295)	(9,315)
At 31 January 2019	1,648	1,717	3,365

The notes on pages 20 to 45 form part of these financial statements.

Firmdale Holdings Limited

Consolidated Statement of Cash Flows for the Year Ended 31 January 2020

	2020 £000	2019 £000
Cash flows from operating activities		
Loss for the financial year	(3,044)	(3,925)
Adjustments for:		
Depreciation of tangible assets	17,965	15,703
Profit on disposal of tangible assets	(11)	(118)
Interest paid	14,903	14,500
Interest received	(316)	(235)
Taxation(credit)/charge	(2,711)	2,317
Increase in stocks	(339)	(103)
(Increase)/decrease in debtors	(655)	695
Increase in creditors	962	1,945
Net fair value gains recognised in P&L	-	(3,149)
Corporation tax paid	(92)	(312)
Foreign exchange	10	950
Net cash generated from operating activities	26,672	28,268
Cash flows from investing activities		
Purchase of tangible fixed assets	(15,259)	(9,102)
Sale of tangible fixed assets	12	118
Purchase of investment properties	(2,824)	(9,801)
Interest received	316	235
Net cash from investing activities	(17,755)	(18,550)
Cash flows from financing activities		
Loan financing costs incurred	(2,844)	-
Dividends paid	(783)	-
Interest paid	(14,105)	(13,744)
Re-purchase of own shares	-	(9,315)
Net cash used in financing activities	(17,732)	(23,059)
Net (decrease) in cash and cash equivalents	(8,815)	(13,341)
Cash and cash equivalents at beginning of year	32,797	46,138
Cash and cash equivalents at the end of year	23,982	32,797

Firmdale Holdings Limited

Consolidated Statement of Cash Flows (continued) for the Year Ended 31 January 2020

	2020 £000	2019 £000
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	24,122	32,807
Bank overdrafts	(140)	(10)
	<u>23,982</u>	<u>32,797</u>

The notes on pages 20 to 45 form part of these financial statements.

Firmdale Holdings Limited

Consolidated Analysis of Net Debt for the Year Ended 31 January 2020

	At 1 February 2019 £000	Cash flows £000	Other non- cash changes £000	At 31 January 2020 £000
Cash at bank and in hand	32,807	(8,685)	-	24,122
Bank overdrafts	(10)	(130)	-	(140)
Debt due after 1 year	(331,852)	-	980	(330,872)
	<u>(299,055)</u>	<u>(8,815)</u>	<u>980</u>	<u>(306,890)</u>

The notes on pages 20 to 45 form part of these financial statements.

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2020

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 judgement in applying the Group's accounting policies (see note 3).

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

The Company has taken advantage of the disclosure exemption in respect of the requirement 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. The information is included in the consolidated cash flow statement of Firmdale Holdings Limited.

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.

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2020

2. Accounting policies (continued)

2.3 Going concern

The comprehensive measures that governments across the world have taken to limit the spread of the Coronavirus pandemic have had a dramatic effect on hospitality businesses worldwide since March. As our revenue collapsed to a trickle it became necessary to close all London and New York operations in order to contain costs. The lockdown restrictions started to lift for the hospitality industry in July and since then we have undertaken soft openings for the Ham Yard Hotel in London plus the Crosby Street and Whitby hotels in New York. Trading in August at Ham Yard was particularly encouraging and as a result we have opened the Charlotte Street Hotel, Soho Hotel and Number 16 hotel on 1st September. We anticipate demand improving further into the Autumn, those normally being extremely high performing months.

We have had support for paying wages through the period of closure from the government's Job Retention Scheme having furloughed the vast majority of our workers, and this scheme continues in some measure through until the end October. We also have a property tax holiday for the UK hotels for the full year through to March 2021. The remaining costs required to be serviced in the intervening months since March, and ongoing until more robust trading returns, are being funded by an overdraft from Lloyds bank and a further loan from Hermes Investment Management Ltd, a combined £25m. In addition we currently have a substantial offer on our Mandela Way, Southwark long leasehold land. The company continues to make every effort to contain costs to a minimum during this uncertain time, including cancelling its rolling property refurbishment programme and work on both its Richmond Building and Warren Street developments.

It is however difficult to estimate to what extent, and for how long, the ever changing government measures to control the Covid-19 pandemic will continue to have an impact on the hospitality trading environment. The Directors therefore recognise there is uncertainty over which they have no control. With a number of non-core assets available for disposal to supplement the funding already secured, the expectation of the Directors is that the Company will be able to meet liabilities as they fall due for a period of at least twelve months from the date of approval of the financial statements and therefore the going concern basis of preparation has been adopted.

Although the current lenders remain supportive, in the event that asset disposals are unsuccessful, hotel trading levels take significantly longer to pick up than assumed, the main facilities are not extended beyond their current maturity dates, or in the event of ongoing bank covenant breaches further waivers are not obtained or a suitable cure agreed then the company would need to seek alternative financial support. As a result a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business.

The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

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.

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.

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2020

2. Accounting policies (continued)

2.5 Tangible fixed assets

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

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:

Long-term leasehold property	- Over the lease term
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 the 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.

2.7 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.

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2020

2. Accounting policies (continued)

2.8 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.

2.9 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.

2.10 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.

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

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.

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2020

2. Accounting policies (continued)

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.

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2020

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.

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2020

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 reporting 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 2020

2. Accounting policies (continued)

2.23 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 14.

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 16 together with the valuation of the properties at the reporting date.

4. Turnover

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

	2020 £000	2019 £000
Operation of hotels	167,775	160,180
Operation of laundry	1,073	944
Operating lease rental income	915	898
	<u>169,763</u>	<u>162,022</u>

Analysis of turnover by country of destination:

	2020 £000	2019 £000
United Kingdom	113,018	108,794
North America	56,745	53,228
	<u>169,763</u>	<u>162,022</u>

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2020

5. Other operating income

	2020 £000	2019 £000
Other operating income	11	56
Proceeds from settlement of claims	1,200	-
Profit on disposal of tangible fixed assets	11	118
	<u>1,222</u>	<u>174</u>

Subsequent to the year end, the Group received a further £NIL (2019 - £1.2m) in proceeds from settlement of claims.

6. Operating profit

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

	2020 £000	2019 £000
Depreciation of tangible fixed assets	17,965	15,703
Profit on disposal of tangible fixed assets	(11)	(118)
Operating lease rentals - land and buildings	13,680	13,458
	<u>13,680</u>	<u>13,458</u>

7. Auditor's remuneration

	2020 £000	2019 £000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	11	10
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	130	119
	<u>141</u>	<u>129</u>

Fees payable to the Group's auditor and its associates in respect of:

Other services relating to taxation	113	111
All other services	18	15
	<u>131</u>	<u>126</u>

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2020

8. Employees

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

	Group 2020 £000	Group 2019 £000
Wages and salaries	55,793	52,974
Social security costs	4,553	4,338
Cost of defined contribution scheme	601	426
	60,947	57,738

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

	2020 No.	2019 No.
Hotels and restaurants	1,481	1,478
Administration	152	123
Sales and marketing	22	19
Laundry	74	72
	1,729	1,692

The Company has no employees other than the directors.

9. Directors' remuneration

	2020 £000	2019 £000
Directors' emoluments	463	469
Company contributions to defined-contribution pension schemes	55	55
	518	524

During the year retirement benefits were accruing to 2 directors (2019 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £423,000 (2019 - £429,000).

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2020

10. Interest receivable and similar income

	2020 £000	2019 £000
Other interest receivable	316	235

11. Interest payable and similar expenses

	2020 £000	2019 £000
Bank interest payable	14,903	14,500

12. Taxation

	2020 £000	2019 £000
Corporation tax		
Current tax on profits for the year	-	123
Adjustments in respect of previous periods	(16)	(32)
Total current tax	(16)	91
Deferred tax		
Origination and reversal of timing differences	(2,599)	2,331
Adjustments in respect of prior periods	(96)	(105)
Total deferred tax	(2,695)	2,226
Taxation on (loss)/profit on ordinary activities	(2,711)	2,317

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2020

12. Taxation (continued)

Factors affecting tax (credit)/charge for the year

The tax assessed for the year is lower than (2019 - higher than) the standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%). The differences are explained below:

	2020 £000	2019 £000
Loss on ordinary activities before tax	(5,755)	(1,608)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%)	(1,093)	(306)
Effects of:		
Expenses not deductible for tax purposes	49	84
Capital allowances for year in excess of depreciation	1,723	2,766
Non-taxable income	-	(546)
Other permanent differences	(13)	2
Prior year adjustments	(112)	461
Deferred tax not recognised	55	(73)
Change in tax rate on opening deferred tax balance	(62)	(148)
Difference in overseas tax rates	(87)	673
Losses carried (forward)/back	(2,133)	103
Other timing differences	(1,038)	(699)
Total tax charge for the year	(2,711)	2,317

13. Dividends

	2020 £000	2019 £000
Interim dividend declared of £1.40 per share (2019 - £NIL)	2,307	-

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2020

14. 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
Cost or valuation						
At 1 February 2019	24,900	802,618	417	29,616	45,010	902,561
Additions	-	5,168	4	2,929	7,158	15,259
Disposals	-	(1,159)	(70)	-	-	(1,229)
Revaluations	-	24,213	-	-	-	24,213
Exchange adjustments	-	(998)	-	-	(157)	(1,155)
At 31 January 2020	24,900	829,842	351	32,545	52,011	939,649
Depreciation						
At 1 February 2019	-	12,112	288	25,977	570	38,947
Charge for the year	340	16,002	59	1,564	-	17,965
Disposals	-	(1,159)	(69)	-	-	(1,228)
On revalued assets	(340)	(14,519)	-	-	-	(14,859)
Exchange adjustments	-	(269)	-	-	-	(269)
At 31 January 2020	-	12,167	278	27,541	570	40,556
Net book value						
At 31 January 2020	24,900	817,675	73	5,004	51,441	899,093
At 31 January 2019	24,900	790,506	129	3,639	44,440	863,614

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2020

14. Tangible fixed assets (continued)

The freehold and leasehold properties and hotels in the UK were valued by CBRE, 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 2019 or 31 January 2020, on the basis of fair value in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors. Where a property wasn't revalued at 31 January 2020, the valuers have reviewed the values of these at 31 January 2020 and concluded there have been no material changes in the values in the year.

The US leasehold hotels were 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 9 October 2019 based on fair value. The valuer has reviewed the properties as at 31 January 2020 and concluded there have been no material changes in the values during the year.

The UK assets in the course of construction were valued by Colliers International or MRICS, independent valuers with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued, either at 31 January 2019 or August 2017 on the basis of market value in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors. Where a property wasn't revalued at 31 January 2020, the valuers have reviewed the values of these at 31 January 2020 and concluded there have been no material changes in the values in the year.

The Company had no tangible fixed assets as at 31 January 2020 (2019 - £NIL).

If certain freehold and leasehold properties had not been included at valuation they would have been included under the historical cost convention as follows:

	2020 £000	2019 £000
Group		
Cost	522,076	511,845
Accumulated depreciation	(77,230)	(66,355)
Net book value	444,846	445,490

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2020

15. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 February 2019	14,977
At 31 January 2020	14,977
Net book value	
At 31 January 2020	14,977
At 31 January 2019	14,977

During the previous year the Company acquired 100% of the share capital of Palace Laundry Ltd, Innovation Centre Ltd and Universal Sheds Ltd for a cost of £300.

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2020

15. 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	100.0 %	Hotelier
Firmdale West End Limited ^	Ordinary	100.0 %	Investment holding
HY Hotels Limited ^	Ordinary	100.0 %	Investment holding
Number Sixteen Hotel Limited ^	Ordinary	100.0 %	Hotelier
Palace Laundry (Fulham) Limited ^	Ordinary	79.7 %	Property holding
Palace Laundry Limited ^	Ordinary	100.0 %	Laundry
Universal Sheds Limited ^	Ordinary	100.0 %	Property holding
Firmdale Holdings (USA) Inc. ^^	Ordinary	100.0 %	Investment holding
Almondbox Property Limited ^	Ordinary	100.0 %	Property holding
Innovation Centre Ltd ^	Ordinary	100.0 %	Warehouse letting

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Firmdale Property Investments Limited * ^	Ordinary	100.0 %	Hotelier
Soho Hotel Limited * ^	Ordinary	100.0 %	Hotelier
Crosby Street Hotel Mezz LLC ***^	Ordinary	100.0 %	Hotelier
Crosby Street Hotel LLC ** ^^	Ordinary	100.0 %	Hotelier
56th Street Hotel Mezz LLC ***^	Ordinary	100.0 %	Hotelier
56th Street Hotel LLC ** ^^	Ordinary	100.0 %	Hotelier
Warren Street Hotel Mezz LLC ***^	Ordinary	100.0 %	Hotelier
Warren Street Hotel LLC ** ^^	Ordinary	100.0 %	Hotelier
Ham Yard Investment Limited *** ^	Ordinary	100.0 %	Hotelier

* Subsidiary of Firmdale West End 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.

Subsequent to the year end, investments in wholly owned subsidiaries Number Sixteen Hotel Limited, Palace Laundry Limited and Innovation Centre Limited were pledged as security to Lloyds Bank Plc.

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2020

16. Investment property

Group

	Freehold investment properties £000
Valuation	
At 1 February 2019	14,850
Additions at cost	2,824
At 31 January 2020	17,674

The freehold properties were valued by independent valuers with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued, either as at 31 January 2018 or 31 January 2019, on the basis of fair value in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors. Where a property wasn't revalued at 31 January 2020, the valuers have reviewed the values of these at the reporting date and concluded there have been no material changes in value during the year.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2020 £000	2019 £000
Historic cost	14,404	11,581
Accumulated depreciation and impairments	(508)	(419)
	13,896	11,162

17. Stocks

	Group 2020 £000	Group 2019 £000
Refurbishment and maintenance stock	947	750
Finished goods and goods for resale	1,112	970
	2,059	1,720

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

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2020

18. Debtors

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Trade debtors	1,837	1,632	-	-
Amounts owed by group undertakings	-	-	1	1,638
Other debtors	3,630	3,605	-	-
Prepayments and accrued income	7,402	5,619	-	-
	<u>12,869</u>	<u>10,856</u>	<u>1</u>	<u>1,638</u>

All amounts shown under debtors fall due for payment within one year.

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

19. Cash and cash equivalents

	Group 2020 £000	Group 2019 £000
Cash at bank and in hand	24,122	32,807
Less: bank overdrafts	(140)	(10)
	<u>23,982</u>	<u>32,797</u>

Included in cash and cash equivalents is restricted cash of £2,965,167 (2019 - £3,608,422).

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2020

20. Creditors: Amounts falling due within one year

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Bank overdrafts	140	10	-	-
Trade creditors	7,246	7,274	-	-
Amounts owed to group undertakings	-	-	10,061	13,250
Corporation tax	4	123	-	-
Other taxation and social security	3,576	3,342	-	-
Other creditors (incl directors loans)	1,711	2,114	-	-
Accruals and deferred income	10,620	9,460	-	-
Dividends payable	1,524	-	1,524	-
	24,821	22,323	11,585	13,250

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.

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

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Bank loans (see note 22)	330,872	331,852	-	-

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 2020

22. Loans

Analysis of loans by maturity is set out below:

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Amounts falling due within one year				
Bank Loans	-	-	-	-
Amounts falling due in more than one year but not more than two years				
Bank Loans	-	-	-	-
Amounts falling due in more than two years but not more than five years				
Bank loans	330,872	94,038	-	-
Amounts falling due after more than five years				
Bank loans	-	237,814	-	-
	<u>330,872</u>	<u>331,852</u>	<u>-</u>	<u>-</u>

Included within bank loans are facilities with three providers; Hermes Real Estate Senior Debt Fund S.à.r.l, Wells Fargo and Standard Life Investment Limited.

Included within loans due after more than two years but not more than five years are facilities with Wells Fargo bank which are denominated in US Dollars. These facilities were refinanced on 27 November 2019 with interest accruing from this date at a margin of 3% above US LIBOR. The facility is repayable in full on 27 November 2023 with the option for three one-year extensions. Up to the date of refinancing, interest was accruing on these facilities at a margin of 3.25% above US LIBOR. The total amount outstanding at year end was £92.7m (2019 - £94.0m), net of deferred financing costs of £2.0m (2019 - £1.0m).

On 27 November 2019, the Group entered into a loan agreement facility with Wells Fargo bank in the amount of \$50,000,000 (£37,867,313). The loan bears interest at LIBOR plus 3% and has a maturity date of 27 November 2023 with the option for three one-year extensions. At the year end, none of the facility had been drawn down and financing costs of £1.4m (2019 - £NIL) have been deferred.

Included within loans due after two years but not more than five years is a facility with Hermes Real Estate Senior Debt Fund S.à.r.l which comprise a fixed rate term facility loan, with interest accruing at 3.00% per annum. Interest only is paid until the termination of the loan on 19 November 2024. The total amount outstanding as at the year end was £118.5m (2019 - £118.2m), net of deferred financing costs of £1.5m (2019 - £1.8m).

Included within loans due after two years but not 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 £119.7m (2019 - £119.6m), net of deferred financing costs of £0.3m (2019 - £0.4m).

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2020

23. Financial instruments

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>29,599</u>	<u>38,044</u>	<u>1</u>	<u>1,638</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(355,909)</u>	<u>(350,710)</u>	<u>(11,585)</u>	<u>(13,251)</u>

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and amounts owed to group undertakings.

Financial liabilities measured at amortised cost comprise bank loans, bank overdrafts, accruals, trade creditors, other creditors and amounts owed by group undertakings.

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2020

24. Deferred taxation

Group

	2020 £000	2019 £000
At beginning of year	(99,874)	(91,549)
(Charged)/credited to profit or loss	2,695	(2,226)
Charged to other comprehensive income	(5,556)	(4,549)
Exchange adjustments	(7)	(1,550)
At end of year	(102,742)	(99,874)

The provision for deferred taxation is made up as follows:

	Group 2020 £000	Group 2019 £000
Accelerated capital allowances	(6,933)	(6,441)
Tax losses carried forward and other deductions	11,686	8,597
Timing difference on revalued fixed assets	(107,495)	(102,030)
	(102,742)	(99,874)

25. Share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
1,647,721 Ordinary shares of £1 each	1,648	1,648

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.

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2020

26. Reserves

Share premium account

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.

27. Contingent assets and liabilities

The Company participates in a group VAT registration and is jointly and severally liable for a VAT liability of £2.1m (2019 - £1.9m), which has not been provided for in the Company's accounts.

28. Capital commitments

At 31 January 2020 the Group had capital commitments as follows:

	Group 2020 £000	Group 2019 £000
Contracted for but not provided in these financial statements	-	828

At 31 January 2020 the Company had no capital commitments (2019 - £NIL).

29. 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 £601,000 (2019 - £426,000). Contributions totalling £123,000 (2019 - £75,000) were payable to the fund at the reporting date.

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2020

30. Commitments under operating leases

At 31 January 2020 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2020 £000	Group 2019 £000
Not later than 1 year	14,569	13,093
Later than 1 year and not later than 5 years	59,287	49,352
Later than 5 years	677,152	606,341
	751,008	668,786

At 31 January 2020 the Company had no commitments under operating leases (2019 - £NIL).

At 31 January 2020 the Group had future minimum rentals receivable under non-cancellable operating leases as follows:

	Group 2020 £000	Group 2019 £000
Not later than 1 year	597	513
Later than 1 year and not later than 5 years	1,166	451
Total	1,763	964

The Group holds two office properties and three residential properties as investment properties as disclosed in note 15. 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 2020 the Company had no future minimum rentals receivable under non-cancellable operating leases (2019 - £NIL).

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2020

31. Related party transactions

At the statement of financial position date, T J R Kemp, a director and shareholder of Firmdale Holdings Limited, was owed £7,723 by the Group (2019 - £7,862). The maximum amount owing to the Group during the year was £680,633 (2019 - £2,029,567). The loan is interest free and no amounts have been written off.

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 £200,000 (2019 - £75,000) was paid in total towards Miss W Kemp's equestrian expenses during the year.

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 9) by the Group was £2,241,000 (2019 - £2,203,000).

32. Controlling party

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

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2020

33. Post balance sheet event

COVID-19

On 30 January 2020 the World Health Organisation ("WHO") announced a global health emergency because of a new strain coronavirus (the "COVID-19 outbreak"). In March 2020, the WHO classified the outbreak as pandemic, based on the rapid increase in the exposure globally.

At the date of signing these financial statements, the global COVID-19 pandemic continues to have a devastating impact on the hospitality industry worldwide and the company is no exception. As such, the company is uncertain as to the full magnitude that the pandemic will have on the financial condition, liquidity and future results of operations. See the going concern information provided in note 2, for more details regarding management's assessment of the impact on the company. The directors have considered the impact on the company and have determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 January 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic remains unclear at this time and the directors are monitoring the situation closely.

Registration of charge

Subsequent to the year end Firmdale Hotels plc and Number Sixteen Hotel Limited became party to an unlimited cross guarantee in favour of Lloyds Bank Plc under which they are contingently liable for the overdrafts of Firmdale Hotels Plc. Number Sixteen Hotel Limited provided an unlimited debenture in favour of Lloyds Bank Plc as well as a secured fixed and floating charge over the long term leasehold property held by it. Firmdale Hotels plc also provided a debenture (including a fixed and float charge) over certain assets held by it but excluding certain specific named assets. The Company has given a share charge over the shares in Number Sixteen Hotel Limited in favour of Lloyds Bank Plc in respect to the obligations of Firmdale Hotels Plc.

Members of the Group, Palace Laundry Limited, Innovation Centre Limited and 21 Golden Square Ltd (a newly incorporated entity to hold the freehold of 21 Golden Square), also became party to an unlimited cross guarantee in favour of Sanne Fiduciary Services Limited (amongst others) under which they are contingently liable for the loan to Ham Yard Investment Limited. An unlimited debenture in favour of Sanne Fiduciary Services Limited was also provided by Palace Laundry Limited, Innovation Centre Limited and 21 Golden Square Ltd, which debenture includes a fixed and floating charge over the freehold properties held by the subsidiaries above. The Company has given a share charge over the shares held in each of Palace Laundry Limited and Innovation Centre Limited and HY Hotels Limited has given a share charge over the shares in 21 Golden Square Ltd, in each case in favour of Sanne Fiduciary Services Limited in respect to the obligations of the relevant Group companies referred to in this paragraph.