

Firmdale Holdings Limited

Annual Report and Financial Statements

Year Ended

31 January 2022

Company Number 04648681

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Firmdale Holdings Limited

Company Information

Directors	C M Aberle C K B Brotchie J P Gray T J R Kemp R C Perlhagen
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 2022

Introduction

The directors have pleasure in presenting their report and the financial statements of the Group for the year ended 31 January 2022.

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 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 before Covid closure included the 2018 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.

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

Revenue Performance

The comprehensive measures introduced by governments across the world to limit the spread of the Coronavirus pandemic had a dramatic effect on trading during the financial year.

In the UK, Government directives mandated complete closure of the hotels from mid December 2020 through to May 2021. Ham Yard had a soft reopening on 17th May, but the remaining travel restrictions through to early July significantly constrained demand such that Number 16 hotel was the only other property open by the end of June. The Covent Garden, Charlotte Street and Soho hotels had a phased opening during July, with Haymarket, Knightsbridge and Dorset Square phased in during late August to mid September.

Trading demand recovered strongly during the Autumn although staff shortages across the industry, and indeed the economy as a whole, necessitated managing demand carefully.

As a result, total revenues for the eight hotels operated by the company in this challenging year were £49.6m, 2.5 times greater than the prior year £19.7m, but 45% of pre Covid 2019/20. However, for the period from September onwards revenues were an encouraging 70% of pre Covid levels.

In New York there were no mandated full closures during the financial year, although international travel restrictions remained in place for the early months. By May, occupancies were already reaching some 65% with strong room rates, and during the autumn occupancies were reaching over 80% at average room rates in excess of \$1,300. The Crosby Street Hotel remains one of the highest yielding hotels in Manhattan.

The two hotels produced combined revenues of £42.8m, 3.7 times greater than the prior year £11.6m, but 81% of pre Covid 2019/20. However, for the second half year revenues were a very encouraging 97% of pre Covid levels.

Group Turnover was £96.6m, 2.9 times greater than the prior year £32.8m. Group Turnover in pre-Covid 2019/20 was £170m.

Demand has continued to rise rapidly in both London and New York subsequent to the year end with revenues already outperforming pre-Covid levels month by month. A new record Group Revenue is therefore in prospect for 2022/23.

Firmdale Holdings Limited

Group Strategic Report (continued) for the Year Ended 31 January 2022

Principal activities and business review (continued)

Future Developments

The Company is seeking further development opportunities in both London and New York. In London a long leasehold interest in three adjacent buildings in the Bloomsbury area was acquired in April 2022. This will be converted to a first class hotel as part of our Town House collection. In New York a third hotel is currently under development located close to the World Trade Centre complex. It is expected to open in summer 2023.

Interest rate risk

The Group has fixed its interest payment obligations on borrowings of £120m from Standard Life Investments Ltd at 4.233%, and £120m plus £17.5m from Hermes Investment Management Ltd at 3.0% and 5.5% respectively. These represent 70% of total Group borrowings. The remaining balance is primarily a \$135m US Dollar loan from Wells Fargo Bank which has the benefit of a 3.5% interest rate cap. This gives a measure of protection for a further 27% of total Group borrowings.

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 0.4% of Net Assets.

Currency risk

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

COVID-19 risk

The Covid-19 pandemic has caused major disruption to all aspects of life globally over the past two years, and significantly impacted the hospitality industry in particular. Following the phased ending of mandatory operational closure throughout the first half of 2021, trading in our restaurants and bars quickly rose to exceptional levels. With the gradual restoration of some international travel, demand for accommodation grew steadily throughout the year but remained constrained to some extent by the ever present threat of new Covid variants. Despite this, the outturn for the full financial year of the Group was break even Earnings After Interest. The trading outlook has continued to improve with each successive month and since March 2022 both Revenues and Earnings have exceeded those achieved in pre-Covid 2019, a significant milestone in recovery. The Board will continue to monitor developments and adjust forecasting assumptions as required. They are confident that with both the excellent forward booking pattern and the level of cash reserves available across the wider Group, the company will be able to meet its obligations as they fall due for the foreseeable future.

Firmdale Holdings Limited

Group Strategic Report (continued) for the Year Ended 31 January 2022

Financial key performance indicators

Earnings before interest, tax and depreciation showed a profit of £26.2m (2021 – loss £45.1m) in this COVID impacted financial year.

Combined average room rate across the eight London properties increased 23% to £492 during the year whilst occupancy increased 32% to 44%. Average Rooms Yield (RevPAR) thereby increased 341% to £216.

In New York, the Crosby Street Hotel average room rate increased by 19% to US\$1,115 at an occupancy of 65%. The Whitby Hotel average room rate increased by 4% to \$1,076 at an occupancy of 59%.

Food & Beverage Revenues increased 166% to £21.3m in London and by 378% to £15.3m in New York.

Income from Private Events contributed 11.2% (2021 - 8.6%) of total revenues in London and 9.0% (2021 - 9.2%) in New York.

Conversion of Group Hotel Revenues to Gross Operating Profit rose from prior year negative 52.0% to a positive 16.1%.

Going Concern

The directors view the cash flows and liabilities of Firmdale Holdings Limited and its subsidiaries ("the group") as a whole in making assessments of the group's ability to meet its liabilities as they fall due. Therefore, as part of their assessment of going concern, the directors of the company have considered the funding and liquidity position of the group to determine the appropriateness of preparing the financial statements on a going concern basis.

The outbreak of the global Covid-19 pandemic in early 2020 has since had a significant impact on the operations of the group in common with the majority of businesses, and the hospitality sector in particular. In the first half of this financial year the revenues of the group were severely curtailed as a result of government restrictions on ability to open. Follow the elimination of all material UK restrictions with effect from 19th July 2021, and the gradual restoration of international travel thereafter, trading demand grew quickly and the outturn for the full financial year of the Group was break even Group Earnings After Interest.

The trading outlook has continued to improve with each successive month and since March 2022 both Revenues and Earnings have exceeded those achieved in pre-Covid 2019, a significant milestone in recovery. The outlook for the coming months is extremely positive in terms of business already on the books and the expectation is that growth over 2019 will continue to be delivered. It is quite possible therefore that a new record for Group Revenues and Earnings will be achieved this financial year.

The directors are however acutely aware that the fast moving and unprecedented nature of the Covid-19 virus pandemic with its numerous variant strains continues to generate much media coverage, as does possible escalation of the Ukraine war, the potential for a worldwide recession, rising interest rates and rampant inflation. The Board will continue to monitor developments closely and adjust their forecasting assumptions as required. They do however have a high degree of confidence that with the level of cash reserves available across the wider Group, and the exchange of contracts for the £22m disposal of land at Mandela Way, Southwark, the company will be able to meet its liabilities as they fall due and meet its covenant obligations for a period of at least twelve months.

Firmdale Holdings Limited

Group Strategic Report (continued) for the Year Ended 31 January 2022

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 keep the hotels closed throughout the COVID impacted period unless it was economically beneficial to open them as both government restrictions and customer demand allow.
- To support our staff throughout the long periods when no work was available by subscribing to the Government's successive "Furlough" schemes even when significant top-up contributions were required by the company.
- To support the business through the extended period of negative cashflow by securing additional loans.

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



.....
T J R Kemp
Director

Date: 26/07/2022

Firmdale Holdings Limited

Directors' Report for the Year Ended 31 January 2022

The directors present their report and the financial statements for the year ended 31 January 2022.

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 non-controlling interests, amounted to £2.6m (2021 - loss of £68.6m restated).

An interim dividend of £Nil was declared during the year (2021 - £Nil).

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 and up to the date of signature were:

C M Aberle
C K B Brochie
J P Gray
T J R Kemp
R C Perlhagen (appointed 12 March 2021)

Firmdale Holdings Limited

Directors' Report (continued) for the Year Ended 31 January 2022

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 85% satisfaction rating in our Staff Attitude Survey.

Our standing in the industry has been recognised with first three placings in the Caterer Top 30 Best Places To Work In Hospitality for the past 5 years and we won the Catey Award for Best Employer in 2017 and 2020.

Firmdale Holdings Limited

Directors' Report (continued) for the Year Ended 31 January 2022

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.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Group takes very seriously its responsibilities to improve its energy efficiency and reduce its carbon footprint. Firmdale Hotels meets the requirements of CEMARSTM certification having measured its greenhouse gas emissions in compliance with the requirements of ISO 14064-1:2006 and is committed to managing and reducing its emissions in respect of the operational activities of its organisation. Energy consumption has been closely monitored since 2008 and significant reductions have been achieved since then as a result.

- The Annual Quantity of gross emissions by unit turnover/revenue (tCO₂e/£M) in the year was 63.26 tCO₂e(2021 = 90.88 tCO₂e)
- The Annual Quantity of gross Scope 1, Scope 2 & Scope 3 emissions tCO₂e in the year was 3,539.71 tCO₂e(2021 = 3,367.70tCO₂e)
- The Annual Quantity of energy consumed was 17,545,453.28 KWH (2021 = 15,755,718.80 KWH)

This inventory has been prepared in accordance with the requirements of the measure-step of the Toit? carbon marks, which is based on the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and ISO 14064-1:2006 Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals . Where relevant, the inventory is aligned with industry or sector best practice for emissions measurement and reporting.

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Directors' Report (continued) for the Year Ended 31 January 2022

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: 26 July 2022

Firmdale Holdings Limited

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

Opinion

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 2022 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Firmdale Holdings Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 January 2022 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)*

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

Independence

We are independent of the Group and the 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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

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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

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.

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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the 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 the 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management and the directors, including obtaining and reviewing supporting documentation, concerning the group's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established by the group to mitigate risks related to fraud or non-compliance with laws and regulations.
- discussing among the engagement team including significant component audit teams, how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas:
 - Management override of controls;
 - Valuation of properties; and
 - Improper revenue recognition
- obtaining an understanding of the legal and regulatory frameworks that the group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the group. The key laws and regulations we considered in this context included the UK Companies Act, UK accounting standards, and relevant tax and employment legislation.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations noted above;
- enquiring of management, the directors and legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing correspondence with HMRC;
- addressing the risk of fraud through management override of controls by, testing the appropriateness of journal entries including journal entries posted to revenue and other adjustments; assessing whether the judgements made about assumptions reflected in accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the

Firmdale Holdings Limited

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

normal course of business;

- addressing the risk of valuation of properties by evaluating the qualifications, expertise and independence of management's experts, involving our own property experts and auditing the inputs into the valuation assessments made; and
- addressing the risk of fraud in revenue recognition by performing a three way match between the PMS data, the nominal ledger and cash receipts, as well as performing procedures to verify the nature of cash inflows.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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.

DocuSigned by:

Mark RA Edwards

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

Date: 26 July 2022

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 2022

	Note	2022 £000	As restated 2021 £000
Turnover	4	96,590	32,810
Cost of sales		(57,710)	(43,664)
Gross profit/(loss)		38,880	(10,854)
Administrative expenses		(44,336)	(58,314)
Other operating income	5	9,709	15,051
Fair value movements		11,262	(11,621)
Operating profit/(loss)	6	15,515	(65,738)
Interest receivable and similar income	10	-	48
Interest payable and similar charges	11	(15,805)	(14,285)
Loss before taxation		(290)	(79,975)
Tax on loss	12	(2,322)	11,359
Loss for the financial year		(2,612)	(68,616)
Currency translation differences		2,185	(3,883)
Surplus/(deficit) on revaluation of freehold property		-	(6,344)
Surplus/(deficit) on revaluation of leasehold property		171,105	(74,287)
Deficit on revaluation of assets under the course of construction		(2,518)	(1,546)
Deferred tax credit on revalued freehold property		-	1,202
Deferred tax (charge)/credit on revalued leasehold property		(62,986)	5,872
Deferred tax charge on revalued assets under the course of construction		(712)	(97)
Other comprehensive (loss)/income for the year		107,074	(79,083)
Total comprehensive (loss)/income for the year		104,462	(147,699)
(Loss) for the year attributable to:			
Non-controlling interests		5	(7)
Owners of the Parent Company		(2,617)	(68,609)
		(2,612)	(68,616)
Total comprehensive (loss)/income for the year attributable to:			
Non-controlling interest		(651)	(341)
Owners of the Parent Company		105,113	(147,358)
		104,462	(147,699)

The notes on pages 24 to 49 form part of these financial statements.

Firmdale Holdings Limited

Registered number: 04648681

Consolidated Statement of Financial Position as at 31 January 2022

	Note	2022 £000	As restated 2021 £000
Fixed assets			
Tangible fixed assets	13	982,812	792,731
Investment property	16	27,805	19,495
		<u>1,010,617</u>	<u>812,226</u>
Current assets			
Stocks	17	1,774	1,573
Debtors	18	9,882	6,928
Cash and cash equivalents	19	52,819	10,971
		<u>64,475</u>	<u>19,472</u>
Creditors: amounts falling due within one year	20	(42,067)	(28,302)
Net current assets/(liabilities)		<u>22,408</u>	<u>(8,830)</u>
Total assets less current liabilities		<u>1,033,025</u>	<u>803,396</u>
Creditors: amounts falling due after more than one year	21	(398,042)	(390,819)
Provisions for liabilities			
Deferred taxation	24	(150,407)	(83,988)
Net assets		<u><u>484,576</u></u>	<u><u>328,589</u></u>
Capital and reserves			
Share capital	25	1,977	1,648
Share premium account	26	54,262	4,592
Revaluation reserve	26	497,154	393,260
Profit and loss account	26	(72,015)	(74,760)
Equity attributable to owners of the parent Company		<u>481,378</u>	<u>324,740</u>
Non-controlling interests		3,198	3,849
		<u><u>484,576</u></u>	<u><u>328,589</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: 26/07/2022

The notes on pages 24 to 49 form part of these financial statements.

Firmdale Holdings Limited


Registered number: 04648681

Company Statement of Financial Position as at 31 January 2022

	Note	2022 £000	As restated 2021 £000
Fixed assets			
Investments	14	14,977	14,977
		<u>14,977</u>	<u>14,977</u>
Current assets			
Debtors	18	39,225	17
		<u>39,225</u>	<u>17</u>
Creditors: amounts falling due within one year	20	(2)	(12,208)
Net current assets/(liabilities)		<u>39,223</u>	<u>(12,191)</u>
Total assets less current liabilities		<u>54,200</u>	<u>2,786</u>
Net assets		<u>54,200</u>	<u>2,786</u>
Capital and reserves			
Share capital	25	1,977	1,648
Share premium account	26	49,670	-
Profit and loss account brought forward		1,138	1,745
Loss for the year		(111)	(607)
Other changes in the profit and loss account		1,525	-
		<u>2,553</u>	<u>1,138</u>
Profit and loss account carried forward		<u>54,200</u>	<u>2,786</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 loss after tax of the parent Company for the year was £(111,000) (2021 - loss of £607,000).

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: 26/07/2022

The notes on pages 24 to 49 form part of these financial statements.

Firmdale Holdings Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 January 2022

	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 2021 (as previously stated)	1,648	4,592	393,260	(51,044)	348,456	3,849	352,305
Prior year adjustment (note 31)	-	-	-	(23,716)	(23,716)	-	(23,716)
At 1 February 2021 (as restated)	1,648	4,592	393,260	(74,760)	324,740	3,849	328,589
Comprehensive loss for the year							
(Loss)/profit for the year	-	-	-	(2,617)	(2,617)	5	(2,612)
Currency translation differences	-	-	-	2,185	2,185	-	2,185
Surplus on revaluation of leasehold property	-	-	171,105	-	171,105	-	171,105
Deficit on revaluation of assets in the course of construction	-	-	(2,007)	-	(2,007)	(511)	(2,518)
Deferred tax charge on revalued leasehold property	-	-	(62,986)	-	(62,986)	-	(62,986)
Deferred tax charge on revalued assets under the course of construction	-	-	(567)	-	(567)	(145)	(712)
Other comprehensive income for the year	-	-	105,545	2,185	107,730	(656)	107,074
Total comprehensive income for the year	-	-	105,545	(432)	105,113	(651)	104,462

Firmdale Holdings Limited

Consolidated Statement of Changes in Equity (continued) for the Year Ended 31 January 2022

	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
Dividends waived	-	-	-	1,525	1,525	-	1,525
Shares issued during the year	329	49,670	-	-	49,999	-	49,999
Transfer to/from profit and loss account	-	-	(1,651)	1,652	1	-	1
Total transactions with owners	329	49,670	(1,651)	3,177	51,525	-	51,525
At 31 January 2022	1,977	54,262	497,154	(72,015)	481,378	3,198	484,576

Firmdale Holdings Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 January 2021

	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 2020 (as restated)	1,648	4,592	474,148	12,804	493,192	4,190	497,382
Prior year adjustment (note 31)	-	-	-	(21,093)	(21,093)	-	(21,093)
At 1 February 2020 (as restated)	1,648	4,592	474,148	(8,289)	472,099	4,190	476,289
Comprehensive income for the year							
Loss for the year (as restated)	-	-	-	(68,609)	(68,609)	(7)	(68,616)
Currency translation differences	-	-	-	(3,883)	(3,883)	-	(3,883)
Deficit on revaluation of freehold property	-	-	(6,344)	-	(6,344)	-	(6,344)
Deficit on revaluation of leasehold property	-	-	(74,287)	-	(74,287)	-	(74,287)
Deficit on revaluation of other fixed assets	-	-	(1,232)	-	(1,232)	(314)	(1,546)
Deferred tax credit on revalued freehold property	-	-	1,202	-	1,202	-	1,202
Deferred tax credit on revalued leasehold property	-	-	5,871	-	5,871	-	5,871
Deferred tax charge on revalued assets under the course of construction	-	-	(77)	-	(77)	(20)	(97)
Other comprehensive income for the year	-	-	(74,867)	(3,883)	(78,750)	(334)	(79,084)
Total comprehensive income for the year	-	-	(74,867)	(72,492)	(147,359)	(341)	(147,700)

Firmdale Holdings Limited

Consolidated Statement of Changes in Equity (continued) for the Year Ended 31 January 2021

	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
Transfer to/from profit and loss account	-	-	(6,021)	6,021	-	-	-
Total transactions with owners	-	-	(6,021)	6,021	-	-	-
At 31 January 2020	1,648	4,592	393,260	(74,760)	324,740	3,849	328,589

Firmdale Holdings Limited

Company Statement of Changes in Equity for the Year Ended 31 January 2022

	Share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 February 2021	1,648	-	1,138	2,786
Comprehensive loss for the year				
Loss for the year	-	-	(111)	(111)
Contributions by and distributions to owners				
Dividends waived	-	-	1,525	1,525
Shares issued during the year	330	49,670	-	50,000
Total contributions by and distributions to owners	<u>330</u>	<u>49,670</u>	<u>1,525</u>	<u>51,525</u>
At 31 January 2022	<u>1,978</u>	<u>49,670</u>	<u>2,552</u>	<u>54,200</u>

Company Statement of Changes in Equity for the Year Ended 31 January 2021

	Share capital £000	Profit and loss account £000	Total equity £000
At 1 February 2020	1,648	1,745	3,393
Comprehensive loss for the year			
Loss for the year	-	(607)	(607)
At 31 January 2021	<u>1,648</u>	<u>1,138</u>	<u>2,786</u>

The notes on pages 24 to 49 form part of these financial statements.

Firmdale Holdings Limited

Consolidated Statement of Cash Flows for the Year Ended 31 January 2022

	2022 £000	As restated 2021 £000
Cash flows from operating activities		
Loss for the financial year	(2,612)	(68,616)
Adjustments for:		
Depreciation of tangible assets	10,645	18,034
Profit on disposal of tangible assets	(78)	(9)
Interest paid	15,805	14,285
Interest received	-	(48)
Taxation credit	2,322	(11,359)
(Increase)/decrease in stocks	(201)	485
(Increase)/decrease in debtors	(2,898)	5,951
(Decrease)/increase in creditors	(5,166)	8,870
Net fair value (gains)/losses recognised in P&L	(11,262)	11,621
Forgiveness of US loans recognised in other income	(2,815)	-
Foreign exchange	5,854	(859)
Net cash generated from operating activities	9,594	(21,645)
Cash flows from investing activities		
Purchase of tangible fixed assets	(20,359)	(16,084)
Sale of tangible fixed assets	78	10
Sale of investment properties	1,340	-
Interest received	-	48
Net cash from investing activities	(18,941)	(16,026)
Cash flows from financing activities		
Proceeds from issue of convertible loan	50,000	-
New secured loans	16,272	31,143
Other new loans	2,974	3,227
Repayment of other loans	(173)	-
Interest paid	(14,399)	(13,007)
Dividends paid to non controlling interests	2	-
Loan financing costs incurred	(216)	-
Net cash used in financing activities	54,460	21,363

Firmdale Holdings Limited

Consolidated Statement of Cash Flows (continued) for the Year Ended 31 January 2022

	2022 £000	As restated 2021 £000
Net increase/(decrease) in cash and cash equivalents	45,113	(16,308)
Cash and cash equivalents at beginning of year	7,674	23,983
Cash and cash equivalents at the end of year	52,787	7,675
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	52,819	10,971
Bank overdrafts	(32)	(3,296)
	52,787	7,675

The notes on pages 24 to 49 form part of these financial statements.

Firmdale Holdings Limited

Consolidated Analysis of Net Debt for the Year Ended 31 January 2022

	At 1 February 2021 £000	Cash flows £000	Other non- cash changes £000	At 31 January 2022 £000
Cash at bank and in hand	10,971	41,848	-	52,819
Bank overdrafts	(3,297)	3,265	-	(32)
Debt due after 1 year	(359,030)	(21,512)	2,876	(377,666)
Debt due within 1 year	(2,506)	2,266	-	(240)
	<u>(353,862)</u>	<u>25,867</u>	<u>2,876</u>	<u>(325,119)</u>

The notes on pages 24 to 49 form part of these financial statements.

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2022

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 2022

2. Accounting policies (continued)

2.3 Going concern

The directors view the cash flows and liabilities of Firmdale Holdings Limited and its subsidiaries ("the group") as a whole in making assessments of the group's ability to meet its liabilities as they fall due, therefore, as part of their assessment of going concern, the directors of the company have considered the funding and liquidity position of the group to determine the appropriateness of preparing the financial statements on a going concern basis.

The outbreak of the global Covid-19 pandemic in early 2020 has since had a significant impact on the operations of the group in common with the majority of businesses, and the hospitality sector in particular. In the first half of this financial year the revenues of the group were severely curtailed as a result of government restrictions on ability to open. Following the elimination of all material UK restrictions with effect from 19th July 2021, and the gradual restoration of international travel thereafter, trading demand grew quickly and the outlook for the full financial year of the Group was break even Group Earnings After Interest.

The trading outlook has continued to improve with each successive month and since March 2022 both Revenues and Earnings have exceeded those achieved in pre-Covid 2019, a significant milestone in recovery. The outlook for the coming months is extremely positive in terms of business already on the books and the expectation is that growth over 2019 will continue to be delivered. It is quite possible therefore that a new record for Group Revenues and Earnings will be achieved this financial year.

The directors are however acutely aware that the fast moving and unprecedented nature of the Covid-19 virus pandemic with its numerous variant strains continues to generate much media coverage, as does possible escalation of the Ukraine war, the potential for a worldwide recession, rising interest rates and rampant inflation. The Board will continue to monitor developments closely and adjust their forecasting assumptions as required. They do however have a high degree of confidence that with the level of cash reserves available across the wider Group, and the exchange of contracts for the £22m disposal of land at Mandela Way, Southwark, the company will be able to meet its liabilities as they fall due and meet its covenant obligations for a period of at least twelve months.

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 2022

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 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 2022

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 2022

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.

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.

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2022

2. Accounting policies (continued)

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 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.

2.19 Government subsidies and grant income

Government subsidies and grant income are recognised when there is reasonable assurance that the conditions attached to the income will be met and that the income will be received. The income is recognised in profit or loss over the periods in which the group incurs expenses for which the subsidies or grants are intended to compensate. In this financial year, under FRS102 reporting standards, the group has included its income from the Government's Coronavirus Job Retention Scheme within other income.

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2022

2. Accounting policies (continued)

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.

2.23 Related party transactions

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

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2022

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 13.

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:

	2022 £000	2021 £000
Operation of hotels	93,528	31,783
Operation of laundry	487	153
Operating lease rental income	1,520	874
Residential design fee income	1,055	-
	<u>96,590</u>	<u>32,810</u>

Analysis of turnover by country of destination:

	2022 £000	2021 £000
United Kingdom	53,317	21,391
North America	43,273	11,419
	<u>96,590</u>	<u>32,810</u>

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2022

5. Other operating income

	2022 £000	2021 £000
Other operating income	-	7
Government grants receivable	6,893	15,044
Loan forgiveness income (see note 21)	2,816	-
	<u>9,709</u>	<u>15,051</u>

6. Operating profit/(loss)

The operating profit is stated after charging:

	2022 £000	As restated 2021 £000
Depreciation of tangible fixed assets	10,648	18,034
Operating lease rentals - land and buildings	15,090	16,323
	<u>25,738</u>	<u>34,357</u>

7. Auditor's remuneration

	2022 £000	2021 £000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	11	11
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	127	127
	<u>138</u>	<u>138</u>

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

Other services relating to taxation	36	36
All other services	17	17
	<u>53</u>	<u>53</u>

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2022

8. Employees

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

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Wages and salaries	37,644	35,913	-	-
Social security costs	3,278	2,970	-	-
Cost of defined contribution scheme	438	534	-	-
	<u>41,360</u>	<u>39,417</u>	<u>-</u>	<u>-</u>

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

	2022 No.	2021 No.
Hotels and restaurants	1,092	1,148
Administration	123	151
Sales and marketing	16	18
Laundry	58	68
	<u>1,289</u>	<u>1,385</u>

The Company has no employees other than the directors.

9. Directors' remuneration

	2022 £000	2021 £000
Directors' emoluments	483	254
Company contributions to defined contribution pension schemes	30	30
	<u>513</u>	<u>284</u>

During the year retirement benefits were accruing to 1 director (2021 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £441,000 (2021 - £191,000).

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2022

10. Interest receivable and similar income

	2022 £000	2021 £000
Other interest receivable	-	48

11. Interest payable and similar expenses

	2022 £000	2021 £000
Bank interest payable	15,805	14,285

12. Taxation

	2022 £000	2021 £000
Corporation tax		
Current tax on loss for the year	-	-
Adjustments in respect of previous periods	(2)	-
	(2)	-
Total current tax	(2)	-
Deferred tax		
Origination and reversal of timing differences	(16,121)	(19,293)
Adjustments in respect of prior periods	72	(43)
Effect of tax rate change on opening balance	18,373	7,977
Total deferred tax	2,324	(11,359)
Taxation on profit/(loss) on ordinary activities	2,322	(11,359)

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2022

12. Taxation (continued)

Factors affecting tax charge/(credit) for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000	2021 £000
Loss on ordinary activities before tax	(291)	(79,976)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(55)	(15,195)
Effects of:		
Expenses not deductible for tax purposes	1,473	2,155
Capital allowances for year in excess of depreciation	779	4,615
Prior year adjustments	72	(43)
Deferred tax not recognised	776	1,268
Change in tax rate on opening deferred tax balance	(2,973)	(236)
Difference in overseas tax rates	686	(3,928)
Losses utilised/(carried forward)	2,268	(6,997)
Other timing differences	(704)	7,002
Total tax charge for the year	2,322	(11,359)

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2022

13. 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 2021 (as previously stated)	4,870	732,553	277	33,198	60,799	831,697
Prior Year Adjustment	-	-	-	-	3,102	3,102
At 1 February 2021 (as restated)	4,870	732,553	277	33,198	63,901	834,799
Additions	-	551	-	323	25,052	25,926
Revaluations	1,530	161,893	-	-	(2,518)	160,905
Exchange adjustments	-	3,934	-	-	740	4,674
At 31 January 2022	6,400	898,931	277	33,521	87,175	1,026,304
Depreciation						
At 1 February 2021	-	12,213	245	29,040	570	42,068
Charge for the year	82	9,155	25	1,386	-	10,648
On revalued assets	(82)	(9,212)	-	-	-	(9,294)
Exchange adjustments	-	70	-	-	-	70
At 31 January 2022	-	12,226	270	30,426	570	43,492
Net book value						
At 31 January 2022	6,400	886,705	7	3,095	86,605	982,812
At 31 January 2021 (as restated)	4,870	720,340	32	4,158	63,331	792,731

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2022

13. Tangible fixed assets (continued)

The freehold and leasehold properties and hotels in the UK were valued by Cushman & Wakefield, independent valuers with a recognised and relevant professional qualification and with recent experience in the location and category being valued, at 31 January 2022, on the basis of fair value in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors.

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 31 January 2022.

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.

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

Group	As restated	
	2022 £000	2021 £000
Cost	550,004	520,314
Accumulated depreciation	(98,463)	(85,689)
Net book value	<u>451,541</u>	<u>434,625</u>

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2022

14. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 February 2021	14,977
At 31 January 2022	<u>14,977</u>
Net book value	
At 31 January 2022	<u>14,977</u>
At 31 January 2021	<u>14,977</u>

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2022

15. Subsidiary undertakings

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
Mandela Way Ltd (formerly 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
21 Golden Square Ltd *** ^	Ordinary	100.0 %	Property holding

* 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.

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2022

16. Investment property

Group

	Freehold investment properties £000
Valuation	
At 1 February 2021	19,495
Disposals	(1,340)
Revaluation	9,650
At 31 January 2022	27,805

The freehold properties held by the subsidiary entities Innovation Centre Limited and 21 Golden Square Ltd were valued by Cushman & Wakefield independent valuers with a recognised and relevant professional qualification and with recent experience in the location and category being valued, at 31 January 2022, on the basis of fair value in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors.

The remaining freehold property was valued at the live market value of the assets as it was being advertised for sale at 31 January 2022.

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

	2022 £000	2021 £000
Historic cost	22,224	23,338
Accumulated depreciation and impairments	(1,594)	(1,658)
	20,630	21,680

17. Stocks

	Group 2022 £000	Group 2021 £000
Refurbishment and maintenance stock	743	643
Finished goods and goods for resale	1,031	930
	1,774	1,573

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 2022

18. Debtors

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Trade debtors	1,679	368	-	-
Amounts owed by group undertakings	76	-	39,210	1
Amounts owed by related parties	15	-	15	16
Other debtors	3,066	1,293	-	-
Prepayments and accrued income	5,046	5,267	-	-
	<u>9,882</u>	<u>6,928</u>	<u>39,225</u>	<u>17</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 2022 £000	Group 2021 £000
Cash at bank and in hand	52,819	10,971
Less: bank overdrafts	(32)	(3,297)
	<u>52,787</u>	<u>7,674</u>

Included in cash and cash equivalents is restricted cash of £16,164,426 (2021 - £5,317,142).

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2022

20. Creditors: Amounts falling due within one year

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Bank overdrafts	32	3,297	-	-
Bank loans	17,500	-	-	-
Other loans (see note 22)	3,213	2,506	-	-
Trade creditors	6,418	5,233	-	-
Amounts owed to group undertakings	-	-	-	10,075
Corporation tax	4	4	-	-
Other taxation and social security	2,219	4,253	-	-
Other creditors (incl directors loans)	2,105	3,641	-	-
Accruals and deferred income	10,576	7,844	-	609
Dividends payable	-	1,524	2	1,524
	42,067	28,302	2	12,208

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 2022 £000	Group As restated 2021 £000
Bank loans (see note 22)	360,273	358,309
Other loans (see note 22)	(107)	721
Deferred rent	37,876	31,789
	398,042	390,819

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 2022

22. Loans

Analysis of loans by maturity is set out below:

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Amounts falling due within one year				
Bank loans	17,500	-	-	-
Other loans	3,213	2,506	-	-
Amounts falling due in more than one year but not more than two years				
Bank loans	128,182	358,309	-	-
Other loans	-	721	-	-
Amounts falling due in more than two years but not more than five years				
Bank loans	232,091	-	-	-
Deferred finance costs	(107)	-	-	-
	380,986	-	-	-

Included within bank loans are facilities with five providers; Hermes Real Estate Senior Debt Fund S.à.r.l, Wells Fargo, Standard Life Investment Limited, Investec Bank plc and Phoenix CRE S.a.r.l.

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 £99.4m (2021 - £97.0m), net of deferred financing costs of £1.0m (2021 - £1.4m).

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 (2021 - £nil) had been drawn down and financing costs of £0.7m (2021 - £1.0m) have been deferred.

Included within loans due within one year is a fixed-rate loan facility with Hermes Real Estate Senior Debt Fund S.à.r.l which was entered into on 26 August 2020, for an amount of £17,500,000. The loan is accruing interest at 5.5%p.a. and has a maturity date of 28 August 2022 though with an option to extend to be co-terminus (on 19 November 2024) with the company's existing loan facility with Hermes Real Estate Senior Debt Fund S.à.r.l.

This existing loan facility is separately Included within loans due after two years but not more than five years and comprises 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 £119.2m (2021 - £118.9m), net of deferred financing costs of £0.8m (2021 - £1.1m).

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2022

22. Loans (continued)

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 £119.8m (2021 - £119.7m), net of deferred financing costs of £0.2m (2021 - £0.3m).

Included within loans due after one year but not more than two years is a loan facility entered into with Investec Bank plc on 8 December 2020 in the amount of £13,000,000. The loan bears interest at LIBOR plus 4.95% and has a maturity date of 7 June 2023. At the year end a total of £9,120,000 (2021 - £6,349,000) had been drawn down. The total amount outstanding at year end, net of deferred financing costs, was £9.0m (2021 - £6.2m).

Included within loans due in more than one year but not more than two years is a loan facility entered into with Phoenix CRE S.a.r.l on 16 March 2021 in the amount of £13,500,000. The loan bears interest at 6.5% and has a maturity date of 16 March 2023. At the year end a total of £13,500,000 had been drawn down. The total amount outstanding at year end, net of deferred financing costs, was £13.4m.

During the prior year, subsidiaries, 56th Street and Crosby, applied for and were granted loans in the US under the Paycheck Protection Program ("PPP") of the U.S. Small Business Administration (the "SBA") amounting to \$4,423,948 (£3,226,804) ("1st PPP loans"). Under the CARES Act, PPP loan recipients meeting certain criteria set by the SBA may be eligible for full or partial forgiveness of such loans. During the year ended 31 January 2022, 56th Street and Crosby submitted their applications for forgiveness for the 1st PPP Loans and received notices from their lender during the year that the SBA approved forgiveness of \$3,869,146 (£2,815,000), for the 1st PPP Loans. Accordingly, the Company derecognised \$3,869,146 (£2,815,000) of the 1st PPP Loans and recognised a corresponding gain on debt forgiveness in other operating income. There is a six-year period during which the SBA can review the Companies' forgiveness calculations. The remaining \$554,802 (£412,554) balance of the 1st PPP Loan which was not forgiven bears interest of 1% and matures on 29 May 2022. At the reporting date, the 1st PPP Loan has a balance outstanding of \$322,356 (£239,706).

During the year, subsidiaries, 56th Street and Crosby, applied for and were granted loans in the US under PPP amounting to \$4,000,000 (£2,974,420) ("2nd PPP Loans"). The 2nd PPP Loans bear interest at a fixed rate of 1% per annum, has an initial term of five years, is unsecured and guaranteed by the SBA. The Group believes it met all applicable SBA requirements, including having used loan proceeds for applicable expenses and accordingly, submitted their applications for forgiveness for the 2nd PPP Loans in December 2021. As a result, the loans have been classified as being due in less than 1 year. During February 2022, the Group received notice from their lender that the SBA approved forgiveness of the full amount of the 2nd PPP Loans and the related interest thereon. There is a six-year period during which the SBA can review the Company's forgiveness calculation.

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2022

23. Financial instruments

	Group 2022 £000	Group As restated 2021 £000	Company 2022 £000	Company As restated 2021 £000
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>57,597</u>	<u>12,646</u>	<u>39,223</u>	<u>15</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(437,447)</u>	<u>(421,768)</u>	<u>(22)</u>	<u>(11,600)</u>

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

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

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2022

24. Deferred taxation

Group

	2022 £000	2021 £000
At beginning of year	(83,988)	(102,742)
Credited to profit or loss	(2,324)	11,359
Charged to other comprehensive income	(63,696)	6,975
Exchange adjustments	(399)	420
At end of year	(150,407)	(83,988)

The provision for deferred taxation is made up as follows:

	Group 2022 £000	Group 2021 £000
Accelerated capital allowances	(12,039)	(9,203)
Tax losses carried forward and other deductions	25,292	23,681
Timing difference on revalued fixed assets	(164,046)	(99,234)
Chargeable gains/(losses)	386	768
	(150,407)	(83,988)

25. Share capital

	2022 £000	2021 £000
Allotted, called up and fully paid		
1,977,275 (2021: 1,647,721) Ordinary shares of £1 each	1,977	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.

On 21 December 2021, the company allotted 329,554 Ordinary shares of £1 each for £50,000,000 as part a loan conversion agreement which was entered into during the year.

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2022

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 £1.1m (2021 - £1.0m), which has not been provided for in the Company's accounts.

28. Capital commitments

At 31 January 2022 the Company had no capital commitments (2021 - £NIL).

	Group 2022 £000	Group 2021 £000
Contracted for but not provided in these financial statements	<u>42,517,428</u>	<u>7,830,058</u>

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 £438,000 (2021 - £534,000). Contributions totalling £93,000 (2021 - £78,000) were payable to the fund at the reporting date.

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2022

30. Commitments under operating leases

At 31 January 2022 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £000	Group As restated 2021 £000
Not later than 1 year	14,738	15,091
Later than 1 year and not later than 5 years	63,928	54,921
Later than 5 years	1,278,525	1,268,443
	<u>1,357,191</u>	<u>1,338,455</u>

At 31 January 2022 the Company had no commitments under operating leases (2021 - £NIL).

At 31 January 2022 the Group had future minimum rentals receivable under non-cancellable operating leases are as follows:

	Group 2021 £000	Group 2020 £000
Not later than 1 year	1,003	797
Later than 1 year and not later than 5 years	1,149	1,103
Total	<u>2,152</u>	<u>1,900</u>

The Group holds two office properties and one residential property 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 property is freehold tenure and is let to third parties.

At 31 January 2022 the Company had no future minimum rentals receivable under non-cancellable operating leases (2021 - £NIL).

Firmdale Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2022

31. Related party transactions

The company has taken advantage of the exemption available under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose transactions with other wholly owned members of the Group.

At the reporting date T J R Kemp, a director and shareholder of Firmdale Holdings Limited, was owed by the Group £35,405 (2021 – owed to the Group £485,653). The maximum amount owing to the Group during the year was £496,631 (2021 – £485,653). The loan is interest free and no amounts have been written off.

Included within debtors are amounts owed by shareholders of £NIL (2021 – £13,500).

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 £2,152,000 (2021 – £1,433,000).

32. Prior year adjustment

The Group has restated the previously issued 2021 consolidated financial statements to adjust deferred rent, assets under construction (specifically Warren Street), rent expense, and retained earnings as previously reported due to an error in the calculation of straight-line rent expense on 3 of its US ground leases. The adjustment resulted in an increase in previously reported annual rent expense of £2,622,968 (\$3,527,367), a decrease in previously reported retained earnings of £23,715,903 (\$31,893,147), an increase in previously reported Assets In the Course of Construction (Tangible Fixed Assets) of £3,101,469 (\$4,170,856) and an increase in previously reported deferred rent liabilities of £26,817,373 (\$36,064,003). In addition, retained earnings as at 31 January 2020 has been restated by £21,092,936, from £4,511,260 to (£16,581,676) (by (\$28,365,780), from \$6,066,742 to (\$22,299,038)).

The following table sets out the previously reported and adjusted amounts of selected items within the consolidated statement of financial position as of 31 January 2021 and within the consolidated statement of comprehensive income for the year then ended:

Group	Equity as at 1 February 2020	Equity as at 31 January 2021	Loss for the year ended 31 January 2021
	£000	£000	£000
As previously stated	497,382	352,305	(65,993)
Prior year adjustment - correction of error	(21,093)	(23,716)	(2,623)
As restated	476,289	328,589	(68,616)

The adjustment has no impact on the Company.

33. Controlling party

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