

**FIRMDALE HOLDINGS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JANUARY 2023**

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**FIRMDALE HOLDINGS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	T J R Kemp C M Aberle C K B Brotchie J P Gray R C Perlhagen
<b>Company secretary</b>	M T Soden
<b>Registered number</b>	04648681
<b>Registered office</b>	18 Thurloe Place London SW7 2SP
<b>Independent auditors</b>	MHA Statutory Auditor 6th Floor 2 London Wall Place London EC2Y 5AU

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FIRMDALE HOLDINGS LIMITED

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**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 JANUARY 2023**

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**Introduction**

The directors have pleasure in presenting their report and the financial statements of the Group for the year ended 31 January 2023.

**Principal activities and business review**

The principal activity of the Group 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, 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 principal activity of the company for the current and prior period is a holding company.

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 prior to Covid closures 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 in New York has received great critical acclaim since opening in 2017 including a Tatler "New York Knockout" Award and a Sleeper Magazine award for Best Suite.

*Revenue Performance*

Trading in London during 2021/22 was tremendously difficult as Government directives mandated complete closure of the hotels through to May 2021. Ham Yard had a soft reopening on 17 May, but the remaining travel restrictions in place 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 of 2021 although staff shortages across the industry, and indeed the economy as a whole, necessitated managing demand carefully.

Against that background, 2022/23 was characterised by a tremendously strong recovery as international travel was re-established, and by March 2022 revenues were already outperforming pre Covid levels. The upward trend continued throughout the year.

As a result, total 2022/23 revenues for the eight hotels operated by the Group in London were a new record of £116.4m, a 2.3 fold increase on the Covid restrictions impacted prior year, and a 5.2% increase over pre Covid 2019/20.

In New York there were no mandated full closures during the prior financial year, although international travel restrictions remained in place for the early months. By May 2021, 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 as both international and domestic travel ramped up with each successive month.

For financial year 2022/23 the two New York hotels produced combined total revenues of £71.6m, a 67.3% increase on prior year and 22.1% ahead of pre Covid 2019/20. The Crosby Street Hotel remains one of the highest yielding hotels in Manhattan.

Group Turnover was £192.6m, almost double the prior year £96.6m, and comfortably a new record being 13.4% ahead of the £169.8m achieved in pre-Covid 2019/20.

**GROUP STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 JANUARY 2023**

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**Principal risks and uncertainties**

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

*Cash flow risk*

The finance department closely manages the Group's 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.

*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 represents two thirds of total Group borrowings. The balance of £130m from Wells Fargo includes £122m with the benefit of an interest rate cap giving protection should LIBOR exceed 3.5%. As a result, just 2.1% of year end Group borrowings were exposed to a floating interest rate.

**GROUP STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 JANUARY 2023**

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**Financial key performance indicators**

Earnings before interest, tax and depreciation showed a profit of £39.3m (2021/22 – £26.0m).

Combined average room rate across the eight London properties was £568 (2021/22 - £492) an increase of 15.4% year on year. This compares to £410 in pre Covid 2019/20.

Combined average occupancy across the eight London properties was 72% (2021/22 - 44%) a 28% increase year on year. This compares to 87% in pre Covid 2019/20.

The resultant average rooms yield (RevPAR) growth across the eight London properties was thereby 89% compared to 2021/22, and 13.6% ahead of pre Covid 2019/20.

In New York, the Crosby Street Hotel average room rate increased by 13.8% to US\$1,269 at an occupancy of 80.6%, a 40.4% RevPAR growth on prior year. The Whitby Hotel average room rate increased by 17.6% to \$1,266 at an occupancy of 76.3%, a 53.4% RevPAR growth over prior year. RevPAR compared to pre Covid 2019/20 was 23.0% and 30.8% higher at the two hotels respectively.

Food & Beverage revenues in London increased 73.5% over prior year, but remained 9.5% below pre-Covid 2019/20. In New York Food & Beverage Revenues increased by 65.8% over prior year, a 15.0% increase over pre Covid.

Income from Private Events contributed 9.7% (2021/22 – 11.2%) of total revenues in London and 11.4% (2021/22 – 9.0%) in New York.

Conversion of Group Hotel Revenues to Gross Operating Profit rose from prior year 41.4% to 45.0%.

**GROUP STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 JANUARY 2023**

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**Going concern**

The directors view the cashflows and liabilities of Firmdale Holdings Ltd 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 had a very significant impact on the operations of the Group in common with the majority of businesses worldwide, and the hospitality sector in particular. Following the elimination of all material UK restrictions with effect from 19 July 2021, and the gradual restoration of international travel thereafter, trading demand recovered quickly and since March 2022 both Revenues and Earnings have exceeded those achieved in pre-Covid 2019, a significant milestone in recovery. The continuing growth led to record profitability for the Group in the financial year to January 2023. Furthermore, rising interest rates have not had a significant impact on the Group given that 67% of group debt is fixed and a further 31% has the benefit of an interest rate cap should LIBOR exceed 3.5%.

The trading results for the first six months of the new financial year are slightly ahead of budget and the outlook for the remainder of the year and beyond remains positive. The lenders remained very supportive during the Covid period and the relationships remain strong with comfortable delivery of financial covenant hurdles now firmly re-established.

The Board will continue to monitor developments closely and adjust their forecasting assumptions as required, but have a high degree of confidence that 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. The Directors have therefore concluded that the company can continue to adopt the going concern basis in preparing the annual report and accounts.

Despite net current liabilities of £87,214 thousand at 31 January 2023, the directors consider the Group to remain a going concern. The net current liabilities position is driven by a bank loan of £130,181 thousand due for repayment to Wells Fargo within one year of the reporting date. Discussions are advanced the bank for an extension to this repayment date and the directors anticipate a positive outcome. The Group post year end continues to trade well and hold sufficient cash reserves to meet its liabilities as they fall due. The directors therefore consider the going concern basis to remain appropriate.

**Directors' statement of compliance with 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 interest 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 regard to environmental issues such as minimising the production of waste.

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

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**FIRMDALE HOLDINGS LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 JANUARY 2023**

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

**T J R Kemp**  
Director

Date: 10 October 2023



**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 JANUARY 2023**

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The directors present their report and the financial statements for the year ended 31 January 2023.

**Directors' responsibilities statement**

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

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

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

**Principal activity**

The principal activity of the Company is a holding company.

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

**Results and dividends**

The profit for the year, after taxation and minority interests, amounted to £12,641 thousand (2022 - loss £11,452 thousand).

The directors do not recommend the payment of a dividend (2022 - £Nil).

**Directors**

The directors who served during the year were:

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

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 JANUARY 2023**

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**Future developments**

The Group continues to seek further hotel 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 addition, the freehold tenure of the Covent Garden Hotel was acquired in February 2023 having previously been occupied under a long term lease.

In New York, development of a third hotel located close to the World Trade Centre complex is well advanced and is expected to open in February 2024.

**Financial instruments**

The company has established a risk and financial management framework whose primary objectives are to protect the company from events that hinder the achievement of the company'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 to the company's exposure to risks such as cash flow and liquidity risk has been provided in the strategic report on pages 1 - 4.

**Engagement with employees**

The Group recognises that its employees are fundamental to the success of their service driven business. It is therefore committed to maximising workforce potential by supporting the learning and development needs of each individual member of staff. Good communication with employees is also considered essential. As a matter of principle the Group actively promotes from within wherever possible and provides competitive rates of pay and benefits.

**Engagement with suppliers, customers and others**

The Group consciously looks for suppliers who echo its ethos, 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.

The Group'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 the company's belief system. The company 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 the company 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.

## FIRMDALE HOLDINGS LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

#### 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, which has been closely monitored since 2008. We have already made significant reductions in the level of energy consumed.

GHG emissions and energy use for period 01 February 2022 to 31 January 2023:

Annual Quantity of gross emissions by unit turnover/revenue (tCO <sub>2</sub> e/£M) in the year	<b>37.56 tCO<sub>2</sub>e</b>
Annual Quantity of gross Scope 1, Scope 2 & Scope 3 emissions tCO <sub>2</sub> e in the year	<b>4,778.79 tCO<sub>2</sub>e</b>
Annual Quantity of energy consumed	<b><u>24,348,697 KWH</u></b>

The following inventory has been prepared in accordance with the requirements of the measure-step of the Toitu 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.

#### Current reporting year 1 February 2022 to 31 January 2023

Energy consumption used to calculate emissions (kWh)	<b>24,348,697</b>
- Gas (kWh)	<b>14,576,879</b>
- Electricity (kWh)	<b>9,771,818</b>
- Transport fuels (kWh)	<b>N/A</b>
Emissions from combustion of gas tCO <sub>2</sub> e (Scope 1)	<b>2,660.86</b>
Emissions from combustion of fuel for transport purposes tCO <sub>2</sub> e (Scope 1)	<b>N/A</b>
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing of the fuel tCO <sub>2</sub> e (Scope 3)	<b>N/A</b>
Emissions from purchased electricity tCO <sub>2</sub> e (Scope 2, location-based)	<b>1,889.67</b>
Total gross emissions tCO <sub>2</sub> e based on the above	<b><u>4,550.54</u></b>

#### Room Intensity ratios: By actual usage/by nights available

1 February 2020 - 31 January 2021: Room intensity 6.817 tCO <sub>2</sub> e	<b>55.879 tCO<sub>2</sub>e</b>	<b>0.153 tCO<sub>2</sub>e</b>
1 February 2021 - 31 January 2022: Room intensity 7.165 tCO <sub>2</sub> e	<b>16.322 tCO<sub>2</sub>e</b>	<b>0.045 tCO<sub>2</sub>e</b>
1 February 2022 - 31 January 2023: Room intensity 9.615 tCO <sub>2</sub> e	<b>13.373 tCO<sub>2</sub>e</b>	<b>0.037 tCO<sub>2</sub>e</b>

The above information was prepared in accordance with ISO14064 Part 1 2018 and Carbon Reduce and verified to ISO14064 Part 1 2018 and Carbon Reduce.

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 JANUARY 2023**

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**Disabled employees**

The company 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 company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

**Qualifying third party indemnity provisions**

Third party qualifying directors' and officers' insurance has been maintained throughout the financial year and to the date of this report, which extends to all subsidiaries within the wider group under Firmdale Holdings Limited.

**Matters covered in the Group 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.

**Disclosure of information to auditors**

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

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

**Post balance sheet events**

There have been no significant events affecting the Group since the year end.

**Auditors**

MHA MacIntyre Hudson were appointed auditors during the year.

Following a rebranding exercise on 15 May 2023 the trading name of the company's independent auditor changed from MHA MacIntyre Hudson to MHA. A resolution to reappoint MHA as independent auditor will be proposed at the next Annual General Meeting.

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

**T J R Kemp**  
Director

Date: 10 October 2023

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIRMDALE HOLDINGS LIMITED

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**Opinion**

We have audited the financial statements of Firmdale Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 January 2023, which comprise the Group Statement of comprehensive income, the Group and Company Statements of financial position, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 January 2023 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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 or the 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 AUDITORS' REPORT TO THE MEMBERS OF FIRMDALE HOLDINGS LIMITED (CONTINUED)

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**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. 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.

**Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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

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

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

- adequate accounting records have not been kept 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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIRMDALE HOLDINGS LIMITED (CONTINUED)

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**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement set out on page 6, 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.

**Auditors' 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 Auditors' 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 Group financial statements

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:

- enquiry of management, those charged with governance and Group legal advisors around actual and potential litigation and claims;
- performing audit work over the risk and management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- reviewing minutes of meetings of those charged with governance; and
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIRMDALE HOLDINGS LIMITED (CONTINUED)

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**Use of our report**

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

Rajeev Shaunak FCA (Senior Statutory Auditor)

for and on behalf of

**MHA**

Statutory Auditor

London, United Kingdom

19 October 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313).



FIRMDALE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 JANUARY 2023

		2023	As restated 2022
	Note	£000	£000
Turnover	4	192,581	96,590
Cost of sales		(89,502)	(57,710)
<b>Gross profit</b>		<b>103,079</b>	<b>38,880</b>
Administrative expenses		(75,457)	(53,025)
Other operating income	5	283	9,708
Fair value movements		(11,965)	11,097
<b>Operating profit</b>	6	<b>15,940</b>	<b>6,660</b>
Interest receivable and similar income	10	3	19
Interest payable and similar expenses	11	(18,424)	(15,804)
<b>Loss before taxation</b>		<b>(2,481)</b>	<b>(9,125)</b>
Tax on loss	12	15,840	(2,322)
<b>Profit/(loss) for the financial year</b>		<b>13,359</b>	<b>(11,447)</b>
Unrealised surplus on revaluation of leasehold property		130,414	179,262
Unrealised surplus on revaluation of freehold property		1,580	-
Currency translation differences		11,068	2,185
Deficit on revaluation of assets in the course of construction		-	(2,007)
Deferred tax charge on revalued assets under the course of construction		-	(567)
Deferred tax charge on revalued leasehold property		(8,184)	(62,986)
<b>Total comprehensive income for the year</b>		<b>148,237</b>	<b>104,440</b>
<b>Profit/(loss) for the year attributable to:</b>			
Non-controlling interests		718	5
Owners of the parent Company		12,641	(11,452)
		<b>13,359</b>	<b>(11,447)</b>
<b>Total comprehensive income for the year attributable to:</b>			
Non-controlling interest		718	(651)
Owners of the parent Company		147,519	105,091
		<b>148,237</b>	<b>104,440</b>

The notes on pages 26 to 52 form part of these financial statements.

**FIRMDALE HOLDINGS LIMITED**  
**REGISTERED NUMBER: 04648681**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 JANUARY 2023**

		2023	As restated
	Note	£000	2022
			£000
<b>Fixed assets</b>			
Tangible assets	13	1,116,458	982,812
Investment property	14	43,575	27,805
		<u>1,160,033</u>	<u>1,010,617</u>
<b>Current assets</b>			
Stocks	16	2,793	1,774
Debtors: amounts falling due within one year	17	20,147	9,882
Cash at bank and in hand	18	44,758	52,819
		<u>67,698</u>	<u>64,475</u>
Creditors: amounts falling due within one year	20	(154,912)	(42,070)
<b>Net current (liabilities)/assets</b>		<u>(87,214)</u>	<u>22,405</u>
<b>Total assets less current liabilities</b>		<u>1,072,819</u>	<u>1,033,022</u>
Creditors: amounts falling due after more than one year	21	(298,379)	(398,042)
<b>Provisions for liabilities</b>			
Deferred taxation	23	(141,630)	(150,407)
<b>Net assets</b>		<u><u>632,810</u></u>	<u><u>484,573</u></u>
<b>Capital and reserves</b>			
Called up share capital	24	1,977	1,977
Share premium account	25	54,262	54,262
Revaluation reserve	25	617,210	508,411
Profit and loss account	25	(44,555)	(83,275)
<b>Equity attributable to owners of the parent Company</b>		<u>628,894</u>	<u>481,375</u>
Non-controlling interests		3,916	3,198
		<u><u>632,810</u></u>	<u><u>484,573</u></u>

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**FIRMDALE HOLDINGS LIMITED**  
**REGISTERED NUMBER: 04648681**

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 JANUARY 2023**

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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: 10 October 2023

The notes on pages 26 to 52 form part of these financial statements.

**FIRMDALE HOLDINGS LIMITED**  
**REGISTERED NUMBER: 04648681**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 JANUARY 2023**

	<b>Note</b>	<b>2023</b> <b>£000</b>	<b>2022</b> <b>£000</b>
<b>Fixed assets</b>			
Investments	15	14,977	14,977
		<u>14,977</u>	<u>14,977</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	17	54,299	39,225
		<u>54,299</u>	<u>39,225</u>
Creditors: amounts falling due within one year	20	(2)	(2)
		<u>(2)</u>	<u>(2)</u>
<b>Net current assets</b>		<b>54,297</b>	<b>39,223</b>
<b>Total assets less current liabilities</b>		<b>69,274</b>	<b>54,200</b>
		<u>69,274</u>	<u>54,200</u>
<b>Net assets</b>		<b>69,274</b>	<b>54,200</b>
<b>Capital and reserves</b>			
Called up share capital	24	1,978	1,977
Share premium account	25	49,670	49,670
Profit and loss account brought forward		2,552	1,138
Profit/(loss) for the year		15,074	(111)
Other changes in the profit and loss account		-	1,525
		<u>17,626</u>	<u>2,553</u>
Profit and loss account carried forward		<b>17,626</b>	<b>2,553</b>
		<u>69,274</u>	<u>54,200</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: 10 October 2023

The notes on pages 26 to 52 form part of these financial statements.

FIRMDALE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JANUARY 2023

	Called up share capital £000	Share premium account £000	evaluation reserve £000	Profit and loss account £000	Equity attributable to owners of parent Company £000	controlling interests £000	Total equity £000
At 1 February 2022 (as previously stated)	1,977	54,262	497,148	(72,012)	481,375	3,198	484,573
Prior year adjustment - correction of error (see Note 26)	-	-	11,263	(11,263)	-	-	-
At 1 February 2022 (as restated)	1,977	54,262	508,411	(83,275)	481,375	3,198	484,573
<b>Comprehensive income for the year</b>	-	-	-	12,641	12,641	718	13,359
Profit for the year	-	-	-	-	-	-	-
Currency translation differences	-	-	-	11,068	11,068	-	11,068
Unrealised surplus on revaluation of freehold property	-	-	1,580	-	1,580	-	1,580
Unrealised surplus on revaluation of leasehold property	-	-	130,414	-	130,414	-	130,414
Deferred tax charged on revalued leasehold property	-	-	(8,184)	-	(8,184)	-	(8,184)
<b>Other comprehensive income for the year</b>	-	-	123,810	11,068	134,878	-	134,878
<b>Total comprehensive income for the year</b>	-	-	123,810	23,709	147,519	718	148,237
Transfer to/from profit and loss account	-	-	(15,011)	15,011	-	-	-
<b>At 31 January 2023</b>	<b>1,977</b>	<b>54,262</b>	<b>617,210</b>	<b>(44,555)</b>	<b>628,894</b>	<b>3,916</b>	<b>632,810</b>

The notes on pages 26 to 52 form part of these financial statements.

FIRMDALE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JANUARY 2022

	Called up share capital £000	Share premium account £000	evaluation reserve £000	Profit and loss account £000	Equity attributable to owners of parent Company £000	controlling interests £000	Total equity £000
At 1 February 2021 (as previously stated)	1,648	4,592	393,260	(74,758)	324,742	3,849	328,591
Prior year adjustment - correction of error (see Note 26)	-	-	3,472	(2,799)	673	-	673
At 1 February 2021 (as restated)	1,648	4,592	396,732	(77,557)	325,415	3,849	329,264
<b>Comprehensive income for the year</b>	-	-	-	(11,452)	(11,452)	5	(11,447)
Loss for the year	-	-	-	-	-	-	-
Currency translation differences	-	-	-	2,185	2,185	-	2,185
Surplus on revaluation of leasehold property	-	-	179,262	-	179,262	-	179,262
Deficit on revaluation of assets in the course of construction	-	-	(2,007)	-	(2,007)	(656)	(2,663)
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)	-	(567)
<b>Other comprehensive income for the year</b>	-	-	113,702	2,185	115,887	(656)	115,231
<b>Total comprehensive income for the year</b>	-	-	113,702	(9,267)	104,435	(651)	103,784
<b>Contributions by and distributions to owners</b>							
Shares issued during the year	329	49,670	-	-	49,999	-	49,999
Transfer to/from profit and loss account	-	-	(2,023)	2,024	1	-	1

FIRMDALE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)  
FOR THE YEAR ENDED 31 JANUARY 2022

Dividends waived	-	-	-	1,525	1,525	-	1,525
Total transactions with owners	329	49,670	(2,023 )	3,549	51,525	-	51,525
At 31 January 2022	<u>1,977</u>	<u>54,262</u>	<u>508,411</u>	<u>(83,275 )</u>	<u>481,375</u>	<u>3,198</u>	<u>484,573</u>

The notes on pages 26 to 52 form part of these financial statements.

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**FIRMDALE HOLDINGS LIMITED**

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JANUARY 2023**

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	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 February 2022	1,978	49,670	2,552	54,200
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	15,074	15,074
<b>At 31 January 2023</b>	<u>1,978</u>	<u>49,670</u>	<u>17,626</u>	<u>69,274</u>

The notes on pages 26 to 52 form part of these financial statements.



FIRMDALE HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JANUARY 2022

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 February 2021	1,648	49,670	1,138	52,456
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(111)	(111)
<b>Contributions by and distributions to owners</b>				
Shares issued during the year	330	-	-	330
Dividends waived	-	-	1,525	1,525
<b>Total transactions with owners</b>	330	-	1,525	1,855
<b>At 31 January 2022</b>	<b>1,978</b>	<b>49,670</b>	<b>2,552</b>	<b>54,200</b>

The notes on pages 26 to 52 form part of these financial statements.

FIRMDALE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 JANUARY 2023

	2023 £000	<i>As restated</i> 2022 £000
<b>Cash flows from operating activities</b>		
Profit/(loss) for the financial year	13,359	(11,447)
<b>Adjustments for:</b>		
Depreciation of tangible assets	23,335	19,319
Loss/(profit) on disposal of tangible assets	53	(78)
Interest paid	18,424	15,805
Interest received	(3)	-
Taxation charge	(15,840)	2,322
(Increase) in stocks	(1,019)	(201)
(Increase) in debtors	(10,357)	(2,898)
Increase/(decrease) in creditors	7,080	(5,166)
Net fair value losses/(gains) recognised in the profit and loss account	11,965	(11,097)
Forgiveness of US loans recognised in other income	(283)	(2,815)
Foreign exchange	732	5,882
<b>Net cash generated from operating activities</b>	<b>47,446</b>	<b>9,626</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(53,517)	(20,359)
Sale of tangible fixed assets	21,947	78
Sale of investment properties	-	1,340
Interest received	3	-
<b>Net cash from investing activities</b>	<b>(31,567)</b>	<b>(18,941)</b>

FIRMDALE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 JANUARY 2023

	2023 £000	<i>As restated</i> 2022 £000
<b>Cash flows from financing activities</b>		
New secured loans	20,209	16,272
(Repayment)/receipt of other new loans	(3,213)	2,974
Repayment of other loans	(22,565)	(173)
Interest paid	(18,424)	(14,399)
Dividends paid to non-controlling interests	-	2
Loan financing costs incurred	-	(216)
Proceeds from issue of convertible loan	-	50,000
<b>Net cash used in financing activities</b>	<b>(23,993)</b>	<b>54,460</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(8,114)</b>	<b>45,145</b>
Cash and cash equivalents at beginning of year	52,787	7,642
<b>Cash and cash equivalents at the end of year</b>	<b>44,673</b>	<b>52,787</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	44,758	52,819
Bank overdrafts	(85)	(32)
	<b>44,673</b>	<b>52,787</b>

The notes on pages 26 to 52 form part of these financial statements.

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**FIRMDALE HOLDINGS LIMITED**

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**CONSOLIDATED ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 JANUARY 2023**

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	At 1 February 2022 (restated) £000	Cash flows £000	Exchange rate movements £000	Other non-cash changes £000	At 31 January 2023 £000
Cash at bank and in hand	52,819	(8,061)	-	-	44,758
Bank overdrafts	(32)	(53)	-	-	(85)
Debt due after 1 year	(360,166)	2,356	(9,500)	110,320	(256,990)
Debt due within 1 year	(20,713)	3,213	-	(111,880)	(129,380)
	<u>(328,092)</u>	<u>(2,545)</u>	<u>(9,500)</u>	<u>(1,560)</u>	<u>(341,697)</u>

The notes on pages 26 to 52 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2023**

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**1. General information**

Firmdale Holdings Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act. The company's registered office is 18 Thurloe Place, London, SW7 2SP.

The principal activity of the Company is a holding company.

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

**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 flows 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2023**

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**2. Accounting policies (continued)**

**2.3 Going concern**

The directors view the cashflows and liabilities of Firmdale Holdings Ltd 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 had a very significant impact on the operations of the group in common with the majority of businesses worldwide, and the hospitality sector in particular. Following the elimination of all material UK restrictions with effect from 19 July 2021, and the gradual restoration of international travel thereafter, trading demand recovered quickly and since March 2022 both Revenues and Earnings have exceeded those achieved in pre-Covid 2019, a significant milestone in recovery. The continuing growth led to record profitability for the Group in the financial year to January 2023. Furthermore, rising interest rates have not had a significant impact on the Group given that 67% of group debt is fixed and a further 31% has the benefit of an interest rate cap should LIBOR exceed 3.5%.

The trading results for the first six months of the new financial year are slightly ahead of budget and the outlook for the remainder of the year and beyond remains positive. The lenders remained very supportive during the Covid period and the relationships remain strong with comfortable delivery of financial covenant hurdles now firmly re-established.

The Board will continue to monitor developments closely and adjust their forecasting assumptions as required, but have a high degree of confidence that 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. The Directors have therefore concluded that the company can continue to adopt the going concern basis in preparing the annual report and accounts.

Despite net current liabilities of £87,214 thousand at 31 January 2023, the directors consider the Group to remain a going concern. The net current liabilities position is driven by a bank loan of £130,181 thousand due for repayment to Wells Fargo within one year of the reporting date. Discussions are advanced the bank for an extension to this repayment date and the directors anticipate a positive outcome. The Group post year end continues to trade well and hold sufficient cash reserves to meet its liabilities as they fall due. The directors therefore consider the going concern basis to remain appropriate.

**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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2023**

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**2. Accounting policies (continued)**

**2.5 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.6 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:

Freehold property	- 50 years straight line
Long-term leasehold property	- Over the lease term
Motor vehicles	- 20% and 33% per annum on cost
Fixtures and fittings	- 15% and 20% per annum on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Land is not depreciated.

**2.7 Revaluation of tangible fixed assets**

Individual freehold and leasehold properties are carried at current year value 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 reporting 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2023

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**2. Accounting policies (continued)**

**2.8 Impairment of non-financial assets**

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

**2.9 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

**2.10 Operating leases: the Group as lessor**

Rental income from operating leases is credited to profit or loss on a straight-line basis over the lease term.

**2.11 Investment property**

Investment property is carried at fair value determined annually by the directors with support from external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

**2.12 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.13 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

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.

**2.14 Debtors**

Short-term debtors are measured at transaction price, less any impairment. 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2023**

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**2. Accounting policies (continued)**

**2.15 Cash and cash equivalents**

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

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.

**2.16 Financial instruments**

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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 Consolidated 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2023**

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**2. Accounting policies (continued)**

**2.17 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.

**2.18 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP, rounded to the nearest £1,000.

**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 profit or loss 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 profit or loss 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.

**2.19 Pensions**

**Defined contribution pension plan**

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

The contributions are recognised as an expense in profit or loss 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2023**

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**2. Accounting policies (continued)**

**2.20 Government grants**

Grants are accounted for under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated statement of comprehensive income in the same period as the related expenditure.

**2.21 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**2.22 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

**2.23 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2023

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**2. Accounting policies (continued)**

**2.24 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

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

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

*Revaluation of tangible fixed assets*

The long term leasehold and freehold property is held under the revaluation model based on the directors' conclusions, having consulted and reviewed the previous valuations completed by independent valuation specialists. These valuers hold recognised and relevant professional qualifications. The valuations are based on discounted cash flow models which include judgements surrounding future performance and market factors.

*Fair value of investment properties*

Freehold investment property is held at fair value based on the directors' conclusions, having consulted and reviewed the previous valuations completed by independent valuation specialists. These valuers hold recognised and relevant professional qualifications. The valuations are based on discounted cash flow models which include judgements surrounding future performance and market factors.

*Premium on property portfolio*

On consolidation, a premium is added to the property hotel portfolio, representing synergies and the additional value of the 'Firmdale' brand. The directors acknowledge the estimation uncertainty with such a premium and as such have consulted independent valuation specialists in both the UK and New York to support conclusions reached.

**FIRMDALE HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2023**

**4. Turnover**

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

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Rooms and apartments	129,630	72,052
Food and beverage	56,253	20,904
Other	5,168	1,946
Kit Kemp Residential	1,516	1,688
Management fees from third parties	14	-
	<u>192,581</u>	<u>96,590</u>

Analysis of turnover by country of destination:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
United Kingdom	120,937	53,753
Rest of the World	71,644	42,837
	<u>192,581</u>	<u>96,590</u>

**5. Other operating income**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Other operating income	-	4,962
Government grants receivable	-	1,674
Sundry income	283	3,072
	<u>283</u>	<u>9,708</u>

FIRMDALE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2023

6. Operating profit

The operating profit is stated after charging:

	2023	<i>As restated</i> 2022
	£000	£000
Depreciation	23,335	19,319
Exchange differences	(1,706)	78
Other operating lease rentals	<u>11,202</u>	<u>15,090</u>

7. Auditors' remuneration

	2023	2022
	£000	£000
Fees payable to the Company's auditors: for the audit of the consolidated and parent Company's financial statements	65	11
Fees payable to the Company's auditors: in respect of:		
The auditing of accounts of associates of the Company	124	127
Taxation compliance services	41	36
All non-audit services not included above	<u>20</u>	<u>17</u>

**FIRMDALE HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2023**

**8. Employees**

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

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Wages and salaries	45,017	37,644	-	-
Social security costs	3,594	3,277	-	-
Cost of defined contribution scheme	591	439	-	-
	<u>49,202</u>	<u>41,360</u>	<u>-</u>	<u>-</u>

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

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Hotels and restaurants	1,344	1,092
Administration	127	123
Sales and marketing	19	16
Laundry	68	58
	<u>1,558</u>	<u>1,289</u>

The Company has no employees other than the directors, who did not receive any remuneration (2022 - £NIL). The directors were remunerated through other entities within the Group.

**9. Directors' remuneration**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Directors' emoluments	560	483
Group contributions to defined contribution pension schemes	<u>30</u>	<u>30</u>

During the year retirement benefits were accruing to 1 director (2022 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £516 thousand (2022 - £441 thousand).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2022 - £NIL).

FIRMDALE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2023

10. Interest receivable

	2023 £000	2022 £000
Other interest receivable	<u>3</u>	<u>19</u>

11. Interest payable and similar expenses

	2023 £000	2022 £000
Bank loan interest payable	<u>18,424</u>	<u>15,804</u>

12. Taxation

	2023 £000	2022 £000
<b>Corporation tax</b>		
Current tax on profits for the year	564	(2)
Adjustments in respect of previous periods	(2)	-
<b>Total current tax</b>	<u>562</u>	<u>(2)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(10,274)	(16,121)
Adjustments in respect of prior periods	(6,128)	72
Effect of tax rate change on opening balance	-	18,373
<b>Total deferred tax</b>	<u>(16,402)</u>	<u>2,324</u>
<b>Total tax (credit)/charge on loss for the year</b>	<u>(15,840)</u>	<u>2,322</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2023**

**12. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2022 - *higher than*) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Loss on ordinary activities before tax	<u>(2,481)</u>	<u>(9,124)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	<b>(471)</b>	<b>(1,734)</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>4,121</b>	<b>3,152</b>
Capital allowances for year in excess of depreciation	-	779
Prior year adjustments	-	72
Deferred tax not recognised	-	776
Change in tax rate on opening deferred tax balance	-	(2,973)
Adjustments to tax charge in respect of prior periods	<b>(6,045)</b>	-
Losses utilised/(carried forward)	<b>(8,481)</b>	<b>2,268</b>
Other timing differences	-	(704)
Deferred tax recognised at a higher rate	<b>(1,848)</b>	-
Revaluation of loss on investment	<b>(802)</b>	-
Deferred tax on investment no longer recognised	<b>(3,138)</b>	-
Difference in overseas tax rate	<b>753</b>	<b>686</b>
Corporate interest restriction allocated	<b>175</b>	-
Super deduction expenditure adjustment	<b>(104)</b>	-
<b>Total tax (credit)/charge on loss for the year</b>	<u><b>(15,840)</b></u>	<u><b>2,322</b></u>

**Factors that may affect future tax charges**

The standard rate of corporation tax in the UK has increased on a sliding scale based on profits from 19% to 25%, effective from 1 April 2023.

FIRMDALE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2023

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
<b>Cost or valuation</b>						
At 1 February 2022	6,400	898,931	277	33,521	87,175	1,026,304
Additions	-	8,962	36	1,862	42,657	53,517
Disposals	-	-	-	-	(22,000)	(22,000)
Transfers between classes	4,375	-	-	-	(31,302)	(26,927)
Revaluations	(1,100)	111,500	-	-	-	110,400
Exchange adjustments	-	16,232	-	-	3,318	19,550
					79,848	
At 31 January 2023	9,675	1,035,625	313	35,383		1,160,844
<b>Depreciation</b>						
At 1 February 2022	-	12,226	270	30,426	570	43,492
Charge for the year on owned assets	122	21,876	21	1,316	-	23,335
On revalued assets	(122)	(27,262)	-	-	-	(27,384)
Exchange adjustments	-	4,943	-	-	-	4,943
					570	
At 31 January 2023	-	11,783	291	31,742		44,386
<b>Net book value</b>						
At 31 January 2023	9,675	1,023,842	22	3,641	79,278	1,116,458
At 31 January 2022	6,400	886,705	7	3,095	86,605	982,812

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2023

13. Tangible fixed assets (continued)

The freehold and leasehold hotels were valued by the directors, with support of Cushman & Wakefield, Chartered Surveyors, an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the property being valued. A formal valuation was carried out at the previous reporting date, 31 January 2022 and since then an assessment has been carried out by the directors with guidance from Cushman & Wakefield as at 31 January 2023, on the basis of fair value in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors.

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

	2023 £000	As restated 2022 £000
<b>Group</b>		
Cost	598,155	561,239
Accumulated depreciation	(114,368)	(99,806)
<b>Net book value</b>	<b>483,787</b>	<b>461,433</b>

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

	2023 £000	2022 £000
<b>Group</b>		
Cost	9,237	6,700
Accumulated depreciation	(592)	(473)
<b>Net book value</b>	<b>8,645</b>	<b>6,227</b>

NOTES TO THE FINANCIAL STATEMENTS  
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14. Investment property

Group

	Freehold investment property £000
<b>Valuation</b>	
At 1 February 2022	27,805
Surplus on revaluation	(11,157)
Transfers between classes	26,927
<b>At 31 January 2023</b>	<b>43,575</b>

During the year ended 31 January 2023, the construction of 9-11 Richmond Buildings was completed and costs incurred to completion of the project were transferred from property under construction to freehold investment property.

On consolidation, a transfer between freehold investment property and other freehold property of £4,374,850 (2022: £Nil) has been made, representing the apportioned value of two units in a warehouse leased from one group entity to another.

The 2023 valuations were made by the directors, with the support of Cushman & Wakefield, Chartered Surveyors, on an open market value for existing use basis. Cushman & Wakefield are an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the property being valued. An assessment of the valuation has been carried out by the directors with guidance from Cushman & Wakefield as at 31 January 2023, on the basis of fair value in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors.

**FIRMDALE HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2023**

**15. Fixed asset investments**

**Company**

**Investments in  
subsidiary  
companies  
£000**

**Cost or valuation**

At 1 February 2022

**14,977**

At 31 January 2023

**14,977**

**Direct subsidiary undertakings**

The following were direct subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Firmdale Hotels PLC	18 Thurloe Place, London, SW7 2SP	Hotelier	Ordinary	100 %
Firmdale West End Ltd	18 Thurloe Place, London, SW7 2SP	Investment holding	Ordinary	100 %
HY Hotels Ltd	18 Thurloe Place, London, SW7 2SP	Investment holding	Ordinary	100 %
Number Sixteen Hotel Ltd	18 Thurloe Place, London, SW7 2SP	Hotelier	Ordinary	100 %
Mandela Way Ltd	18 Thurloe Place, London, SW7 2SP	Property holding	Ordinary	79.7 %
Palace Laundry Ltd	18 Thurloe Place, London, SW7 2SP	Laundry	Ordinary	100 %
Firmdale Holdings (USA) Inc.	79 Crosby Street, New York, NY 10012, USA.	Investment holding	Ordinary	100 %
Almondbox Property Ltd	18 Thurloe Place, London, SW7 2SP	Property holding	Ordinary	100 %
Innovation Centre Ltd	18 Thurloe Place, London, SW7 2SP	Warehouse letting	Ordinary	100 %
Bedford Place Hotel Ltd	18 Thurloe Place, London, SW7 2SP	Property holding	Ordinary	100 %
Covent Garden Hotel (Freehold) Ltd (formerly Universal Sheds Ltd)	18 Thurloe Place, London, SW7 2SP	Property holding	Ordinary	100 %

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**FIRMDALE HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2023**

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**Direct subsidiary undertakings (continued)**

The aggregate of the share capital and reserves as at 31 January 2023 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
	£000	£000
Firmdale Hotels PLC	155,113	8,763
Firmdale West End Ltd	-	-
HY Hotels Ltd	-	-
Number Sixteen Hotel Ltd	1,819	(1,554)
Mandela Way Ltd	4,185	3,534
Palace Laundry Ltd	(3,566)	(1,430)
Firmdale Holdings (USA) Inc.	14,542	24,312
Almondbox Property Ltd	(10,829)	(9,238)
Innovation Centre Ltd	431	(1,114)
Bedford Place Hotel Ltd	(263)	(263)
Covent Garden Hotel (Freehold) Ltd (formerly Universal Sheds Ltd)	(50)	(50)

**FIRMDALE HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2023**

**Indirect subsidiary undertakings**

The following were indirect subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Firmdale Property Investments Ltd	18 Thurloe Place, London, SW7 2SP	Hotelier	Ordinary	100 %
Soho Hotel Ltd	18 Thurloe Place, London, SW7 2SP	Hotelier	Ordinary	100 %
Ham Yard Investment Ltd	18 Thurloe Place, London, SW7 2SP	Hotelier	Ordinary	100 %
21 Golden Square Ltd	18 Thurloe Place, London, SW7 2SP	Property holding	Ordinary	100 %
Crosby Street Hotel Mezz LLC	79 Crosby Street, New York, NY 10012, USA.	Hotelier	Ordinary	100 %
Crosby Street Hotel LLC	79 Crosby Street, New York, NY 10012, USA.	Hotelier	Ordinary	100 %
56th Street Hotel Mezz LLC	79 Crosby Street, New York, NY 10012, USA.	Hotelier	Ordinary	100 %
56th Street Hotel LLC	79 Crosby Street, New York, NY 10012, USA.	Hotelier	Ordinary	100 %
Warren Street Hotel Mezz LLC	79 Crosby Street, New York, NY 10012, USA.	Hotelier	Ordinary	100 %
Warren Street Hotel LLC	79 Crosby Street, New York, NY 10012, USA.	Hotelier	Ordinary	100 %

The aggregate of the share capital and reserves as at 31 January 2023 and the profit or loss for the year ended on that date for the indirect subsidiary undertakings were as follows:

<b>Name</b>	<b>Aggregate of share capital and reserves £000</b>	<b>Profit/(Loss) £000</b>
Firmdale Property Investments Ltd	33,519	2,419
Soho Hotel Ltd	733	3,044
Ham Yard Investment Ltd	121,416	3,147
21 Golden Square Ltd	1,230	(327)
Crosby Street Hotel Mezz LLC	-	-
Crosby Street Hotel LLC	16,820	7,356
56th Street Hotel Mezz LLC	-	-
56th Street Hotel LLC	(28,253)	6,147
Warren Street Hotel Mezz LLC	-	-
Warren Street Hotel LLC	(42,219)	(516)

FIRMDALE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2023

16. Stocks

	Group 2023 £000	Group 2022 £000
Raw materials and consumables	496	398
Work in progress (goods to be sold)	120	66
Finished goods and goods for resale	2,177	1,310
	<u>2,793</u>	<u>1,774</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

17. Debtors

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Trade debtors	2,181	1,679	-	-
Amounts owed by group undertakings	2	76	54,299	39,210
Amounts owed by joint ventures and associated undertakings	-	15	-	15
Other debtors	10,170	3,066	-	-
Prepayments and accrued income	7,794	5,046	-	-
	<u>20,147</u>	<u>9,882</u>	<u>54,299</u>	<u>39,225</u>

18. Cash and cash equivalents

	Group 2023 £000	Group 2022 £000
Cash at bank and in hand	44,758	52,819
Less: bank overdrafts	(85)	(32)
	<u>44,673</u>	<u>52,787</u>

Included in cash and cash equivalents is restricted cash of £4,138,281 (2022: £16,164,426).



**FIRMDALE HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2023**

**19. Financial instruments**

	<b>Group</b>	<i>Group</i>	<b>Company</b>	<i>Company</i>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<i>£000</i>	<b>£000</b>	<i>£000</i>
<b>Financial assets</b>				
Financial assets measured at amortised cost	<u>57,111</u>	<u>57,597</u>	<u>54,299</u>	<u>39,223</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<u>(450,257)</u>	<u>(437,447)</u>	<u>(2)</u>	<u>(2)</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.

**20. Creditors: Amounts falling due within one year**

	<b>Group</b>	<i>Group</i>	<b>Company</b>	<i>Company</i>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<i>£000</i>	<b>£000</b>	<i>£000</i>
Bank overdrafts	85	32	-	-
Bank loans	130,181	17,500	-	-
Deferred financing fees charges/other loans	(801)	3,213	-	-
Trade creditors	4,387	6,418	-	-
Amounts owed to group undertakings	-	-	2	2
Corporation tax	562	4	-	-
Other taxation and social security	3,782	2,219	-	-
Other creditors	8,170	2,108	-	-
Accruals and deferred income	8,546	10,576	-	-
	<u>154,912</u>	<u>42,070</u>	<u>2</u>	<u>2</u>

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 repayable on demand.

**FIRMDALE HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2023**

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

	<b>Group 2023 £000</b>	<i>Group 2022 £000</i>
Bank loans	257,499	360,273
Deferred financing charges	(509)	(107)
Deferred rent	41,389	37,876
	<u>298,379</u>	<u>398,042</u>

**22. Loans**

Analysis of the maturity of loans is given below:

	<b>Group 2023 £000</b>	<i>Group 2022 £000</i>
<b>Amounts falling due within one year</b>		
Bank loans	130,181	17,500
Deferred finance charges/other loans	(801)	3,213
<b>Amounts falling due 1-2 years</b>		
Bank loans	257,499	128,183
Deferred finance charges	(509)	-
<b>Amounts falling due 2-5 years</b>		
Bank loans	-	232,091
Deferred finance charges	-	(107)
	<u>-</u>	<u>231,984</u>
	<u>386,370</u>	<u>380,880</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2023

22. Loans (continued)

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

Included within loans falling due within one year 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. The total amount outstanding at year end was £130.2m (2022 - £99.4m), net of deferred financing costs of £0.8m (2022 - £1.0m).

Included within loans due within one to two years are facilities provided by Standard Life Investment Limited, with interest fixed at 4.223% per annum. Interest only is paid until 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 £119.9m (2022 - £119.8m), net of deferred financing costs of £0.1m (2022: £0.2m).

On 14 November 2017, the company entered into a £120m non-amortising loan with Hermes Real Estate Senior Debt Fund S.à.r.l. The term of the loan is seven years to 19 November 2024 when the capital amount is to be repaid in full. Interest is charged at a fixed rate of 3.0%.

An additional non-amortising loan of £17.5m from Hermes Real Estate Senior Debt Fund S.à.r.l. was secured on 26th August 2020 with a term of two years to 28 August 2022. Interest is charged at a fixed rate of 5.5%. The option to extend this loan was undertaken so that this is now coterminous with the £120m loan noted above. The total amount outstanding as at the year end was £137.1m (2022 - £136.7m), net of deferred financing costs of £0.4m (2022: £0.8m).

During the year, a £13.5m loan that was held with Phonenix CRE S.à.r.l was fully repaid. In the previous year, the loan was fully drawn, bearing interest at a margin of 6.50% over SONIA.

In August 2022, the loan that was held with Investec Bank plc with a headroom of up to £13m (2022: £9m) was fully repaid, ahead of the repayment date of June 2023. When in use, this bore interest at LIBOR plus 4.95%. An exit fee of £162,500 was expensed to the profit and loss account on repayment.

23. Deferred taxation

Group

	2023 £000	2022 £000
At beginning of year	(150,406)	(83,988)
Credited/(charged) to profit or loss	16,402	(2,324)
Credited/(charged) to other comprehensive income	(8,184)	(63,696)
Exchange adjustments	558	(399)
<b>At end of year</b>	<b>(141,630)</b>	<b>(150,407)</b>

**FIRMDALE HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2023**

**23. Deferred taxation (continued)**

	<b>Group 2023 £000</b>	<i>Group 2022 £000</i>
Accelerated capital allowances	(3,851)	(12,039)
Tax losses carried forward	28,661	25,293
Temporary difference on revaluation of freehold and leasehold property	(166,502)	(164,046)
Short term timing difference	62	-
Chargeable gains	-	386
	<u>(141,630)</u>	<u>(150,406)</u>

**24. Share capital**

	<b>2023 £000</b>	<b>2022 £000</b>
<b>Allotted, called up and fully paid</b>		
1,977,275 (2022 - 1,977,275) Ordinary shares of £1.00 each	<u>1,977</u>	<u>1,977</u>

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

**25. 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 taxed and dividends declared.

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**26. Prior year adjustment**

The Group has restated the previously issued 2022 consolidated financial statements for the following reasons:

- a) Correction of transfers/activity between the Revaluation reserve and Profit and loss account for movements in relation to the revaluation of freehold and leasehold property.
- b) Correction of deferred tax movements associated with the above.
- c) Correction of depreciation charge recognised in relation to the US properties on consolidation under the revaluation model in the prior year.

The adjustments resulted in an increase in previously reported administrative expenses of £8,670,000 and a decrease in previously reported fair value movement gains of £165,000 for the year ended 31 January 2022. Reserves overall as at 31 January 2022 did not change but a reclassification transfer of £11,263,000 between the Revaluation reserve and Profit and loss account was required, representing £8,596,000 of additional revaluation required in relation to a depreciation correction adjustment and the remainder corrects the position between the reserves based on a historical review of movements. The residual £673,000 adjustment to opening reserves at 1 February 2021 represents deferred tax movements arising on revaluations not previously accounted for through other comprehensive income.

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 2022 and within the Consolidated Statement of Comprehensive Income for the year then ended:

	Equity as at 1 February 2021 £000	Revaluation reserve as at 31 January 2022 £000	Profit and loss account as at 31 January 2022 £000	Loss for the year ended 31 January 2022 £000
<b>Group</b>				
As previously stated	328,591	497,148	(72,012)	(2,612)
Prior year adjustment - correction of error	<u>673</u>	<u>11,263</u>	<u>(11,263)</u>	<u>(8,835)</u>

The above adjustments have no impact on the Company.

**27. Contingent assets and liabilities**

The Company participates in a group VAT registration and is jointly and severally liable for a VAT liability of £2.6m (2022 - £1.1m), which has not been provided for in the Company's accounts.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2023

**28. Capital commitments**

At 31 January 2023 the Group had capital commitments as follows:

	<b>Group 2023 £000</b>	<i>Group 2022 £000</i>
Contracted for but not provided in these financial statements	<u><b>17,469,733</b></u>	<u><i>42,517,428</i></u>

At 31 January 2023 the Company had no capital commitments (2022: £Nil).

**29. Pension commitments**

The Group operates a defined contribution scheme for certain employees. The assets of the scheme are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and amounted to £583,000 (2022 - £438,000). Contributions totalling £132,000 (2022 - £93,000) were payable to the fund at the reporting date.

**30. Commitments under operating leases**

At 31 January 2023 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>Group 2023 £000</b>	<i>Group 2022 £000</i>
Not later than 1 year	<b>16,136</b>	<i>14,738</i>
Later than 1 year and not later than 5 years	<b>63,685</b>	<i>63,928</i>
Later than 5 years	<b>911,651</b>	<i>1,278,525</i>
	<u><b>991,472</b></u>	<u><i>1,357,191</i></u>

At 31 January 2023 the Group had future minimum rentals receivable under non-cancellable operating leases as follows:

	<b>Group 2023 £000</b>	<i>Group 2022 £000</i>
Not later than 1 year	<b>1,578</b>	<i>1,003</i>
Later than 1 year and not later than 5 years	<b>3,254</b>	<i>1,149</i>
	<u><b>4,832</b></u>	<u><i>2,152</i></u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2023**

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**30. Commitments under operating leases (continued)**

The Group holds two office properties and one residential property as investment properties as disclosed in note 14. The offices are occupied under non-cancellable leases and have remaining terms of between one and four years. The residential property is freehold tenure and is let to third parties.

The Company had no commitments under non-cancellable operating leases at the reporting date (31 January 2022: £Nil).

**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 transaction with other wholly owned members of the Group.

At the reporting date, Mr T J R Kemp, a director and shareholder of Firmdale Holdings Limited, owed £793,000 to the Group (2022 - owed £35,405 by the Group). The maximum amount owing to the Group during the year was £793,000 (2022 - £496,631). The loan was interest free and fully repaid post year end.

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 £2,665,000 (2022 - £2,152,000).

During the year, the Group received fees at a market rate of £14,000 (2022 - £Nil) from Mr T J R Kemp in respect of administration and management of a property on his behalf.

**32.**

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

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.