

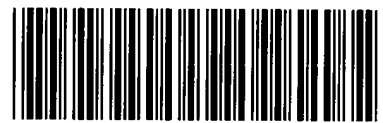
Company Registration No. 11044692 (England and Wales)

**GEM STRATHMORE LIMITED (FORMERLY
GRANGE STRATHMORE LIMITED)**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2020**

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GEM STRATHMORE LIMITED (FORMERLY GRANGE STRATHMORE LIMITED)

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

The directors are responsible for preparing the directors' report and the 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

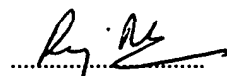
GEM STRATHMORE LIMITED (FORMERLY GRANGE STRATHMORE LIMITED)**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2020**

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	4	22,000,000		27,370,877	
Current assets					
Stocks		7,929		6,755	
Debtors	5	1,108,747		2,099,803	
Cash at bank and in hand		1,000,000		-	
		<u>2,116,676</u>		<u>2,106,558</u>	
Creditors: amounts falling due within one year	6	<u>(31,395,147)</u>		<u>(30,267,385)</u>	
Net current liabilities		<u>(29,278,471)</u>		<u>(28,160,827)</u>	
Total assets less current liabilities		<u>(7,278,471)</u>		<u>(789,950)</u>	
Provisions for liabilities	7	<u>(14,754)</u>		<u>(11,640)</u>	
Net liabilities		<u><u>(7,293,225)</u></u>		<u><u>(801,590)</u></u>	
Capital and reserves					
Called up share capital		2		2	
Profit and loss reserves		<u>(7,293,227)</u>		<u>(801,592)</u>	
Total equity		<u><u>(7,293,225)</u></u>		<u><u>(801,590)</u></u>	

The directors of the company have elected not to include a copy of the income statement within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 26/11/2021 and are signed on its behalf by:



 Mr R S Matharu
 Director

GEM STRATHMORE LIMITED (FORMERLY GRANGE STRATHMORE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

Gem Strathmore Limited (formerly Grange Strathmore Limited) is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Lion House, 72-75 Red Lion Street, London, SW1P 1JU, United Kingdom.

On 27 November 2020, the company changed its name from Grange Strathmore Limited to Gem Strathmore Limited.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the requirements of the Companies Act 2006, as applicable to companies subject to the small companies' regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in Sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

With effect from 1 April 2019, the company has adopted the amendments to FRS 102 published in the Triennial Review 2017. There are no adjustments to the current or comparative period in relation to this adoption.

Going concern

The company has net liabilities of £7,293,225 (2019: £801,590) and cash at bank and in hand of £1,000,000 (2019: £Nil). The company is dependent on the continued support of its ultimate parent company New Gem Holdings Limited (formerly New Grange Holdings 2 Limited) ("NGHL").

NGHL has provided a letter of support confirming that it will continue to provide financial support to the company so that it can continue to meet its obligations as they fall due for at least twelve months from the date of signing of these financial statements.

At 31 March 2020, the group headed by NGHL had £455,699,000 (2019: £703,210,000) cash at bank and in hand and amounts owed to related parties of £10,796,000 (2019: £3,197,000) falling due within one year.

The current COVID-19 outbreak in the UK had imposed and continues to present a severe impact on the group and its operations. The three trading hotels in light of COVID-19 closed in March 2020 but continued to offer rooms for key workers as permitted. They have fully reopened as the regulations allowed, but have remained operating at quite low levels of occupancy, subject to the refurbishment works in the interim noted above. The group took advantage of the Government's Coronavirus Job Retention Scheme by furloughing employees and claiming grants to cover the most significant administrative expense, payroll until it ceased in September 2021. Other Grants were claimed from funds made available to the sector.

GEM STRATHMORE LIMITED (FORMERLY GRANGE STRATHMORE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

The directors implemented new policies and procedures, which are kept under constant review, in order to safeguard the business and the health and safety of its employees, guests and suppliers:

- Hygiene and cleaning procedures in the group's properties were greatly enhanced alongside new protocols for interactions with guests, colleagues and suppliers. Company policies and supplies of materials and services to support this were put in place. These were reviewed in the light of the changing Government regulations as from time to time occurred.
- Operations and capacity were reduced commensurate with varying levels of occupancy both current and anticipated to try to minimise the economic impact. This was and continues to be kept under constant review. Contingency plans to ensure that supplies, security and services for the continued operation of the business arising from any further shut down or supply problems are regularly updated.
- Additional equipment and resources were deployed, and continue to be available, to enable home working for some employees, whilst still meeting the needs of the business as well the well-being of employees and their families.
- We constantly keep our customers and employees updated with the latest advice and information. Requirements of key agencies and corporate customers were implemented promptly to maximise opportunities for both accommodation and conferencing.

The group had £455,699,000 cash at bank and in hand at the balance sheet date and at the time these financial statements were approved the group still had substantial levels of cash available, which the directors' forecasts indicate will be sufficient to meet all liabilities of the group as they fall due, and therefore COVID-19 is not expected to have an impact on the going concern status of the group or company.

The directors therefore have, at the time of approving the financial statements, a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover represents the amount derived from the provision of accommodation, conference facilities and meals. Income is recognised on the date of occupation or on the date of the event for conference facilities. Turnover excludes value added tax, and relates solely to the United Kingdom.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Property rights

in the year of acquisition

GEM STRATHMORE LIMITED (FORMERLY GRANGE STRATHMORE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	1% to 2% on a straight line basis
Plant and machinery	4% to 20% on a straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Stocks

Stocks are valued at the lower of costs and net realisable value. Cost of goods for resale is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal. Provision is made for obsolete and slow moving items.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, and other short-term liquid investments with original maturities of three months or less.

Financial instruments

The company 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.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

GEM STRATHMORE LIMITED (FORMERLY GRANGE STRATHMORE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and amounts owed to fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

GEM STRATHMORE LIMITED (FORMERLY GRANGE STRATHMORE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Employees

The company uses a specialist outsourced hotelier staff provider. There were no employees other than the directors employed by the company during the year (2019: none).

The remuneration costs of the directors were borne by a related party in relation to their work for this company. It is not practicable to determine the amounts which are attributable to this company.

3 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised on the face of the profit and loss account:

	Notes	2020 £	2019 £
In respect of:			
Property, plant and equipment	4	5,234,806	-

The directors, in assessing the carrying value of property, plant and equipment for impairment, have taken account of market factors including the impact of COVID-19 on the hospitality industry and have also considered the informal opinion of their real estate property advisors. Due to the market uncertainty surrounding COVID-19, a material uncertainty exists in relation to the carrying value of the assets. The directors have formed their own conclusions regarding the recoverable amount of the assets. Accordingly, the directors have concluded that an impairment charge is necessary, and a charge of £5,234,806 has been recognised in the profit and loss account.

GEM STRATHMORE LIMITED (FORMERLY GRANGE STRATHMORE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

4 Tangible fixed assets

	Leasehold land and buildings	Plant and machinery	Total
	£	£	£
Cost			
At 1 April 2019	27,250,287	282,581	27,532,868
Additions	-	53,560	53,560
At 31 March 2020	27,250,287	336,141	27,586,428
Depreciation and impairment			
At 1 April 2019	112,389	49,602	161,991
Depreciation charged in the year	127,351	62,280	189,631
Impairment losses	5,234,806	-	5,234,806
At 31 March 2020	5,474,546	111,882	5,586,428
Carrying amount			
At 31 March 2020	21,775,741	224,259	22,000,000
At 31 March 2019	27,137,898	232,979	27,370,877

More information on impairment movements in the year is given in note 3.

5 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	179,561	100,204
Amounts owed by group undertakings	2	2
Other debtors	929,184	1,999,597
	1,108,747	2,099,803

GEM STRATHMORE LIMITED (FORMERLY GRANGE STRATHMORE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

6 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	100,800	101,188
Amounts owed to group undertakings	30,179,242	28,277,911
Taxation and social security	70,769	24,474
Other creditors	1,044,336	1,863,812
	<u>31,395,147</u>	<u>30,267,385</u>

Included within amounts owed to group undertakings is a balance of £27,500,000 (2019: £27,500,000) which accrues interest at the Bank of England base rate +2.5% per annum and is repayable on demand.

7 Provisions for liabilities

	2020 £	2019 £
Deferred tax liabilities	8 14,754	11,640
	<u>14,754</u>	<u>11,640</u>

8 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Fixed asset timing differences	14,754	11,640
	<u>14,754</u>	<u>11,640</u>

	2020 £
Movements in the year:	
Liability at 1 April 2019	11,640
Charge to profit or loss	3,114
Liability at 31 March 2020	<u>14,754</u>

9 Related party transactions

The following amounts, included in other creditors, were outstanding at the reporting end date:

	2020 £	2019 £
Amounts due to related parties		
Entities under common control	674,858	1,362,317
	<u>674,858</u>	<u>1,362,317</u>

GEM STRATHMORE LIMITED (FORMERLY GRANGE STRATHMORE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

9 Related party transactions (Continued)

The following amounts, included in other debtors, were outstanding at the reporting end date:

	2020	2019
	£	£
Amounts due from related parties		
Entities under common control	799,980	1,981,926

The company has taken advantage of the exemptions provided by section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

10 Parent company

Gem 1 Limited (formerly Globalgrange 4 Limited), a company incorporated in the England and Wales, is the immediate parent undertaking. New Gem Holdings Limited (formerly New Grange Holdings 2 Limited), the ultimate parent undertaking, is the parent of the smallest and largest group for which consolidated financial statements including Gem Strathmore Limited are prepared. The consolidated financial statements of New Gem Holdings Limited are available from its registered office Lion House, 72-75 Red Lion Street, London, SW1P 1JU, United Kingdom.

11 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

Emphasis of matter - carrying value of leasehold land and buildings

We draw attention to notes 3 and 4 of the financial statements which describes the carrying value of leasehold land and buildings stated at £21.8m (2019: £27.1m) in the statement of financial position. The global and national impact of the COVID-19 pandemic causes a material uncertainty in the valuation of properties and, despite the directors having considered the informal opinion of advisors in forming their own conclusions regarding the recoverable amount of the assets, it is noted that such uncertainty exists in the valuation. The ultimate outcome of the matter cannot presently be determined, and no adjustments to the carrying value of the leasehold land and buildings that may result have been made in the financial statements. Our opinion is not modified in respect of this matter.

The senior statutory auditor was Euan Banks FCA.
The auditor was RSM UK Audit LLP.