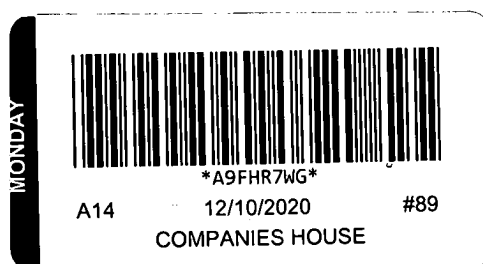


Company Registration No. 11499684 (England and Wales)

BEAUMONT HOTEL PROPERTIES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



BEAUMONT HOTEL PROPERTIES LIMITED

COMPANY INFORMATION

Directors	GR Changizi R J R Faber A N W Soames	(Appointed 15 July 2020)
Company number	11499684	
Registered office	Second Floor, 14 St. George Street London United Kingdom W1S 1FE	
Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH	
Business address	Second Floor, 14 St. George Street London United Kingdom W1S 1FE	

BEAUMONT HOTEL PROPERTIES LIMITED

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BEAUMONT HOTEL PROPERTIES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and audited financial statements for the year ended 31 December 2019.

The directors are preparing the accounts on a small company basis, and therefore the exemption from preparing a strategic report has been taken.

Principal activities

The principal activity of the company is that of a property holding company for The Beaumont Hotel Limited.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

G R Changizi

R J R Faber

A N W Soames

(Appointed 15 July 2020)

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force. The company also purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors.

Future developments

Planning permission was submitted to Westminster City Council in April 2019 to extend the hotel and add more keys by developing 2 Provident Court, a building adjacent to The Beaumont Hotel Limited. The Beaumont Hotel Properties Limited holds the lease to 2 Provident Court. The company expects approval from Westminster City Council to be granted in the second half of 2020.

BEAUMONT HOTEL PROPERTIES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 Section 1A, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

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.

Statement of disclosure to auditors

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

BEAUMONT HOTEL PROPERTIES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Covid-19 and going concern

Beaumont Hotel Properties Limited ('the company') is partially financed by a loan facility agreement with Citibank for £50,000,000, which is secured over The Beaumont Hotel leases. The banking facilities include historic debt yield and loan to value covenants calculated based on the financial results of The Beaumont Hotel Limited, a sister company, which are tested on a quarterly basis. On the basis of the forecasts prepared by the Board, the company is not expected to breach the covenants. However, there is a high level of subjectivity and uncertainty over the future cash flow forecasts.

In January 2020, an outbreak of a novel coronavirus, subsequently classified as COVID-19, was detected in China. During the following months, COVID-19 spread steadily throughout the world and was declared a global pandemic. In order to stem the spread of the virus, governments, including the United Kingdom, took drastic steps which included compulsory closure of various businesses, shops and schools and heavy restrictions on movement of people which had a significant effect on global economies. As a result of the global pandemic, the Beaumont Hotel experienced unprecedented cancellations in February and March 2020 and was forced to close its doors and suspend trading on the 23 March 2020 following the UK government's enforced closure. A number of cost cutting measures have been put in place and the UK government's furlough scheme has been utilised.

The strict lockdown protocols imposed by the UK government have been gradually eased and hotels and restaurants were allowed to re-open on the 4 July 2020. The directors continue to monitor the development and impact of the re-opening of the hospitality sector very carefully and are expecting to re-open the hotel in the second half of 2020. The effects of COVID-19 on the UK economy and the commensurate effects on hotel occupancy and trading in the short to medium term, are difficult to forecast. There is currently a high level of uncertainty over the future cash flows of the Beaumont Hotel Limited due to the Beaumont Hotel being closed and the unknown future occupancy of the hotel, given the current and potential future restrictions on travel. There is, therefore, an inherently high degree of uncertainty in the future outlook and forecasts.

For financial reporting purposes, events relating to the COVID-19 pandemic are deemed to be non-adjusting subsequent events, and accordingly the company's and The Beaumont Hotel Limited's financial results and financial position reported in the financial statements for the year ended 31 December 2019 have not been adjusted for these events. However, these events have a significant impact on the company's and the Beaumont Hotel Limited's operations and financial results for the remainder of 2020 and into 2021 with a material adverse impact on the company's profitability, cash flows and financial position.

At the date of approval of the financial statements, the company had not obtained full bank waivers for the forecast quarterly covenants tests for June 2021 and September 2021. If the future actual trading results are below those forecast then the company may not meet the covenant requirements and the lenders could withdraw the existing financing facilities.

The company is in a net current liability position and relies on a support from its ultimate parent company (Beaumont Hotel Holdings Limited) confirming that it will support the company for at least 12 months from the date of approval of these financial statements.

Matters have been identified in the financial statements for the year ended 31 December 2019 that give rise to a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. Please refer to note 1.3 for further details of the material uncertainty and the Directors' assessment of going concern.

The Directors consider the going concern assumption in the preparation of the company's financial statements as appropriate as at the date of approval of these 2019 financial statements. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Small Companies' Exemption

This report has been prepared in accordance with special provisions relating to small sized companies with Part 15 of the Companies Act.

BEAUMONT HOTEL PROPERTIES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Independent Auditors

PricewaterhouseCoopers LLP were appointed as auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

On behalf of the board



G. R. Changzi

Director

Date: 27/08/2020

Independent auditors' report to the members of Beaumont Hotel Properties Limited

Report on the audit of the financial statements

Opinion

In our opinion, Beaumont Hotel Properties Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the statement of comprehensive income for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.3 to the financial statements concerning the company's ability to continue as a going concern.

The company is in a net current liability position and is reliant on support from the ultimate parent company (Beaumont Hotel Holdings Limited) to continue as a going concern.

In addition the loan facilities the company has with Citibank contain historic debt yield and loan to value covenants, calculated based on the financial results of The Beaumont Hotel Limited, a sister company, which are tested on a quarterly basis. The Beaumont Hotel Limited's cashflows contain assumptions over revenue, profitability and cash generation. There is currently a high level of uncertainty over the future cash flows due to The Beaumont Hotel being closed and the future occupancy levels of the hotel being difficult to forecast, given the current and potential future restrictions on travel. Whilst waivers have been obtained in respect of the test dates for September 2020, December 2020 and March 2021, full waivers for June 2021 and September 2021 have not been obtained. If the required waivers are not successfully negotiated, then the company may be in default in respect of the related loan facilities and they could need to be repaid, which may mean that the company may not be able to meet its liabilities as they fall due.

These conditions, along with the other matters explained in note 1.3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

JS Jenkins

Julian Jenkins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 August 2020

BEAUMONT HOTEL PROPERTIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Year ended 31 December 2019 £	Period from 3 August 2018 to 31 December 2018 £
Turnover	1,110,000	60,000
Administrative expenses	(2,379,466)	(636,201)
Operating loss	(1,269,466)	(576,201)
Interest payable and similar expenses	(1,874,088)	(1,683,465)
Loss before taxation	(3,143,554)	(2,259,666)
Tax on loss	-	-
Loss for the financial year	(3,143,554)	(2,259,666)
Other comprehensive loss for the year, net of tax	-	-
Total comprehensive loss for the year	(3,143,554)	(2,259,666)

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

The notes on pages 10 to 19 are an integral part of these financial statements.

BEAUMONT HOTEL PROPERTIES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

		2019		2018	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	5	149,745,145		150,955,334	
Current assets					
Debtors	6	877,578	25,804,769		
Cash at bank and in hand		3,134,035	2,618,304		
		4,011,613	28,423,073		
Creditors: amounts falling due within one year	7	(101,300,402)	(123,779,750)		
Net current liabilities		(97,288,789)	(95,356,677)		
Total assets less current liabilities		52,456,356	55,598,657		
Creditors: amounts falling due after more than one year	8	(57,859,575)	(57,858,322)		
Net liabilities		(5,403,219)	(2,259,665)		
Capital and reserves					
Called up share capital	9	1	1		
Profit and loss reserves		(5,403,220)	(2,259,666)		
Total equity		(5,403,219)	(2,259,665)		

The notes on pages 10 to 19 are an integral part of these financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved by the board of directors and authorised for issue on 27/08/20 and are signed on its behalf by:


G R Changzi
Director

Company Registration No. 11499684

BEAUMONT HOTEL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Beaumont Hotel Properties Limited is a private company limited by shares incorporated in the United Kingdom. The registered office is Second Floor, 14 St. George Street, London, United Kingdom, W1S 1FE.

The principal activity of the company is that of a property holding company for The Beaumont Hotel Limited.

1.1 Accounting convention

These financial statements have been prepared in compliance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") 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 £.

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include the revaluation of freehold properties and to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies, see note 2.

1.2 New standards, amendments and interpretations issued but not yet effective

The FRC completed its triennial review of FRS 102 in December 2017. The key amendments effective for accounting periods on or after 1 January 2019 have no material impact on the company.

1.3 Going concern

These financial statements have been prepared on a going concern basis, which assumes that Beaumont Hotel Properties Limited (the 'company') will be able to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements.

The company is owned 100% by Beaumont Hotel Holdings Limited. The company is in a net current liability position and relies on the parent company (Beaumont Hotel Holdings Limited) to provide financial support to the company for at least 12 months from the date of approval of these financial statements.

In addition, in assessing the company's ability to continue as a going concern, the Board has reviewed the trading and cash flow forecasts of the company against the available financing facilities and covenant compliance which include the Directors' assessment of the impact of COVID-19.

BEAUMONT HOTEL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.3 Going concern (continued)

Financing

The company is partially financed by a loan facility agreement with Citibank for £50,000,000, which is secured over The Beaumont Hotel leases. The banking facilities include historic debt yield and loan to value covenants calculated based on the financial results of The Beaumont Hotel Limited, a sister company, which are tested on a quarterly basis. On the basis of the forecasts prepared by the Board, the company is not expected to breach the covenants. However, there is a high level of subjectivity and uncertainty over the future cash flow forecasts, further explained in the section below. Whilst waivers have been obtained in respect of the quarterly covenant test dates for September 2020, December 2020 and March 2021, full waivers for June 2021 and September 2021 have not been obtained at the date of approval of the 31 December 2019 financial statements.

The company is in a net current liability position and relies on a support from its ultimate parent company (Beaumont Hotel Holdings Limited) confirming that it will support the company for at least 12 months from the date of approval of these financial statements.

Uncertainty of future cash flow for the Beaumont Hotel Limited

In January 2020, an outbreak of a novel coronavirus, subsequently classified as COVID-19, was detected in China. During the following months, COVID-19 spread steadily throughout the world and was declared a global pandemic. In order to stem the spread of the virus, governments, including the United Kingdom, took drastic steps which included compulsory closure of various businesses, shops and schools and heavy restrictions on movement of people which had a significant effect on global economies. As a result of the global pandemic, the Beaumont Hotel experienced unprecedented cancellations in February and March 2020 and was forced to close its doors and suspend trading on the 23 March 2020 following the UK government's enforced closure. A number of cost cutting measures have been put in place and the UK government's furlough scheme has been utilised.

The strict lockdown protocols imposed by the UK government have been gradually eased and hotels and restaurants were allowed to re-open on the 4 July 2020. The directors continue to monitor the development and impact of the re-opening of the hospitality sector very carefully and are expecting to re-open the hotel in the second half of 2020. The effects of COVID-19 on the UK economy and the commensurate effects on hotel occupancy and trading in the short to medium term, are difficult to forecast. There is currently a high level of uncertainty over the future cash flows of the Beaumont Hotel Limited due to the Beaumont Hotel being closed and the unknown future occupancy of the hotel, given the current and potential future restrictions on travel. There is, therefore, an inherently high degree of uncertainty in the future outlook and forecasts.

For financial reporting purposes, events relating to the COVID-19 pandemic are deemed to be non-adjusting subsequent events, and accordingly the company's and The Beaumont Hotel Limited's financial results and financial position reported in the financial statements for the year ended 31 December 2019 have not been adjusted for these events. However, these events have a significant impact on the company's and the Beaumont Hotel Limited's operations and financial results for the remainder of 2020 and into 2021 with a material adverse impact on the company's profitability, cash flows and financial position.

BEAUMONT HOTEL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.3 Going concern (continued)

Material uncertainty

The following matters in the financial statements for the year ended 31 December 2019 give rise to a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern:

- At the date of approval of the financial statements, the group had not obtained full bank waivers for the forecast quarterly covenants tests for June 2021 and September 2021. If the future actual trading results are below those forecast then the company may not meet the covenant requirements and the lenders could withdraw the existing financing facilities; and
- There is uncertainty over The Beaumont Hotel Limited's financial results which impact on the covenant calculations. Whilst the future cash flow forecasts assume a sharp downturn in the level of business activity during 2020, followed by a gradual recovery into 2021, the eventual outcome of the pandemic remains subject to uncertainty. A more prolonged outbreak, or a resurgence of the disease, would lead to more widespread economic disruption, which may in part be countered by further governmental measures that also cannot be foreseen at this stage. The implication of this being that the current funding received may not be sufficient and additional funding may be required from the ultimate parent (Beaumont Hotel Holdings Limited) over and above the existing funding. It is envisaged that this additional funding would come from the uncommitted loan note facilities available to the Beaumont Hotel Holdings Limited. The amount and timing of the required support are uncertain as at the date of approval of the financial statements.

The Directors confirm that, after considering the matters set out above and the discussions held to date with relevant parties, they have a reasonable expectation that:

- Further successful negotiations with Citibank will be achieved in respect of the June 2021 and September 2021 quarterly covenant tests; and
- The company will be able to access further sufficient financing from the ultimate parent company Beaumont Hotel Holdings Limited, and that they have a reasonable expectation that Beaumont Hotel Holdings Limited will be able to provide the necessary support to the company if required.

Accordingly, based on the above the Directors consider the going concern assumption in the preparation of the company's financial statements as appropriate as at the date of approval of these 2019 financial statements. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

1.4 Reporting period

The comparative figures cover a financial reporting period less than one year as these cover the period from incorporation on 3 August 2018 to the reporting date of 31 December 2018.

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contractual license fees are recognised as dictated by the terms of the license agreement. If the income is contractually due but has not yet been invoiced at the balance sheet date, this is recognised as accrued income.

BEAUMONT HOTEL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.6 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

Straight line over the life of the lease

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.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

BEAUMONT HOTEL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.8 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 in the company's balance sheet 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.

Basic financial assets

Basic financial assets, which include 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

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 creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

BEAUMONT HOTEL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.11 Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

1.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

BEAUMONT HOTEL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Other than mentioned in the paragraph below, there were no other critical accounting adjustments made by the directors in the year that involve estimates that are considered to have a significant effect.

Fair value of leasehold property

The company carries its leasehold property at cost. The initial recognition of cost is the lower of the fair value of the leasehold property or the present value of the minimum lease payments. In the period to 31 December 2018, the value of the leasehold properties were determined at the balance sheet date by the directors, based on the present value of the minimum lease payments, which the directors perceive to reflect the open market value using their knowledge and experience. An impairment assessment has been performed at 31 December 2019, and no impairment to the cost value of the leases is considered to be required.

3 Operating loss

	2019	2018
	£	£
Operating loss for the period is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	9,085	8,000
Fees payable to the company's auditor for non-audit services	-	7,500
Depreciation of owned tangible fixed assets	1,210,189	318,296

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was 2 (2018: 2).

Directors' remuneration charges are borne by The Beaumont Hotel Limited, a fellow, wholly owned subsidiary.

BEAUMONT HOTEL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

5 Tangible assets

	Land and buildings £
Cost	
At 1 January 2019 and 31 December 2019	151,273,630
Accumulated depreciation and impairment	
At 1 January 2019	318,296
Depreciation charged in the year	1,210,189
At 31 December 2019	1,528,485
Carrying amount	
At 31 December 2019	149,745,145
At 31 December 2018	150,955,334

The historic cost of the leasehold land and buildings is £151,273,630 (2018: £151,273,630). The company's leasehold properties are held at cost and are assessed for impairment annually.

6 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Amounts owed by group undertakings	19,250	-
Other debtors	858,328	25,804,769
	<u>877,578</u>	<u>25,804,769</u>

Amounts due from group undertaking are unsecured, interest free and repayable on demand.

BEAUMONT HOTEL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

7 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	4,644	140,421
Amounts owed to group undertakings	100,186,860	123,247,970
Obligations under finance leases	322,504	326,513
Accruals and deferred income	786,394	64,846
	<u>101,300,402</u>	<u>123,779,750</u>

A balance of £99,265,509 (2018: £122,839,433) is due to Beaumont Hotel Holdings Limited as part of a debt instrument agreement. This balance is unsecured, repayable on demand, and is interest free at the balance sheet date.

8 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Bank loans and overdrafts	50,000,000	50,000,000
Obligations under finance leases	7,859,575	7,858,322
	<u>57,859,575</u>	<u>57,858,322</u>

A balance of £50,000,000 (2018: £50,000,000) relates to a bank loan due to CitiBank. This loan is secured over the leases on Beaumont Hotel property. This loan is repayable in full on October 2022 dependent on any prepayment events. Interest is 2.25% plus LIBOR annually and is payable quarterly.

9 Called up share capital

	2019 £	2018 £
Ordinary share capital Issued and fully paid 1 Ordinary of £1 each	1	1
	<u>1</u>	<u>1</u>

10 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2019 £	2018 £
	<u>35,371</u>	<u>73,371</u>

BEAUMONT HOTEL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11 Related party transactions

The company has taken advantage of the exemption available in accordance with FRS 102 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.

12 Ultimate controlling party

At 31 December 2019, the immediate parent company of Beaumont Hotel Properties Limited is Beaumont Hotel (Midco) Limited, a company registered in England and Wales. The ultimate parent company is Beaumont Hotel Holdings Limited, a company registered in Guernsey.

Beaumont Hotel Holdings Limited prepare the largest group consolidation and Beaumont Hotel (Midco) Limited prepare the smallest group consolidation in which Beaumont Hotel Properties Limited is consolidated. Copies of the financial statements of the smallest group to consolidate are available to the public at Companies House and the largest group to consolidate are available to the public at Second Floor, St. George Street, London, W1S 1FE. The ultimate controlling party is Aidan Barclay.

13 Post balance sheet events (non-adjusting) COVID-19

COVID-19 has had an unprecedented impact on global economies. The future of the pandemic and economic impact is unknown and there is a risk that there could be a material impact on the carrying value of the company's finance leases (leases over the Beaumont Hotel). The directors will continue to monitor the situation closely. Please refer to the basis of preparation in note 1.3 which provides further information on the impact of COVID-19 on the company.