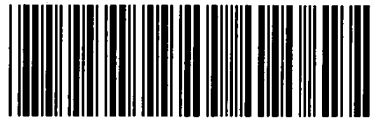


Company registration number 11499684 (England and Wales)

**BEAUMONT HOTEL PROPERTIES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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# BEAUMONT HOTEL PROPERTIES LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	G R Changizi R J R Faber A N W Soames D R Palmer (Appointed 21 April 2021)
<b>Company number</b>	11499684
<b>Registered office</b>	20 North Audley Street London United Kingdom W1K 6WE
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP Chartered accountants and statutory auditors 1 Embankment Place London WC2N 6RH
<b>Business address</b>	20 North Audley Street London W1K 6WE

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# **BEAUMONT HOTEL PROPERTIES LIMITED**

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# **BEAUMONT HOTEL PROPERTIES LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2021***

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The directors present their annual report and audited financial statements for the year ended 31 December 2021.

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  
D R Palmer

(Appointed 21 April 2021)

#### **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.

#### **Post reporting date events**

As at the time of signing the financial statements, all Covid-19 restrictions have been removed in the UK following the UK government's "Living with Covid" announcement earlier this year. Management is optimistic trading will bounce back to 2019 occupancy levels based on current trading performance.

#### **Future developments**

Planning permission was received from Westminster City Council in August 2020 to extend the hotel and add more keys and two additional meeting rooms by developing 2 Provident Court, a building adjacent to The Beaumont Hotel Limited. The development is expected to complete by mid-2023. The Beaumont Hotel Properties Limited holds the lease to 2 Provident Court.

#### **Independent Auditors**

The 31 December 2021 will be the last set of financial statements where PricewaterhouseCoopers LLP are auditor of the financial statements with PricewaterhouseCoopers CI LLP completing the audit for the 31 December 2022 year end following formal appointment.

# **BEAUMONT HOTEL PROPERTIES LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **Statement of directors' responsibilities in respect of the financial statements**

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, Section 1A "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 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 also 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.

### **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 2021**

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#### **Covid-19 and going concern**

In January 2020, an outbreak of a novel coronavirus, subsequently classified as COVID-19, was detected in China. As a result of the global pandemic, the Beaumont Hotel was forced to close its doors and suspend trading on 23 March 2020 following the UK government's enforced closure. The hospitality sector has been impacted the hardest by the strict lockdown protocols imposed by the UK government; however hotels were allowed to re-open their doors on 17 May 2021. The Beaumont used this opportunity, while occupancy was forecast to be low, to refurbish its ground-floor areas and spa. Along with a new bar, Le Magritte, an all-day dining Library and an alfresco dining terrace, the Beaumont's art deco public interiors have been enhanced by international designer, the Office of Thierry Despont, and architects Reardon Smith.

The hotel re-opened to the public on 20 August 2021 and trading has far exceeded expectations. In late November 2021, a new variant of Covid-19, Omicron, was first discovered in South Africa and then subsequently detected in the United Kingdom. The new variant was more transmissible than previous covid variants and as result positive covid cases began to increase exponentially in the UK and around the globe. On the 13 December, the UK government issued a work from home announcement which had a detrimental impact on the hospitality industry; however the fatality and hospitalization rates were far lower than previous variants. On the 27th January 2022, all Plan B covid restrictions were lifted because of the success of the booster roll out and drop in positive Covid cases and all Covid and travel restrictions were lifted in late March following the UK government's "Living with Covid" plan announcement.

The cash flow forecasts have been updated as a result and the hotel is forecast to generate sufficient cashflow to meet all operating and financing liabilities when they fall due.

The hotel closure had a significant impact on the company's operations and financial results for 2021 while the hotel was closed but now that the hotel has re-opened and following the UK government's "Living with covid" plan, the directors are confident, based on the latest trading and forecast, that the hotel will return to profitability. The cash flow forecasts have been and the hotel is forecast to generate sufficient cashflow to meeting all operating and financing liabilities when they fall due. In the unlikely events of any further government enforced closures, the company has a letter of support from its parent company (Beaumont Hotel Holdings Limited) and can rely on support and funding.

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 facility agreement with Citibank matures in November 2022 and the directors are in advanced re-negotiations with the bank to extend the loan for an additional 5 years. The loan facilities contain historic debt yield and loan to value covenants which have been waived for the remainder of the loan term.

The company is in a net liability position and relies on support from the parent company (Beaumont Hotel Holdings Limited), which has confirmed that it will support the company for the foreseeable future and for a period of at least 12 months from the date of approval of these financial statements and fund the Citibank facility repayment if this cannot be re-negotiated.

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 2021 financial statements. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Matters have been identified in the financial statements for the year ended 31 December 2021 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 1.2 for further details.

#### **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 2021***

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On behalf of the board

  
.....  
G R Changizi

**Director**

Date: 11th August 2022

# 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 2021 and of its profit 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 2021; 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 1.2 to the financial statements concerning the company's ability to continue as a going concern.

The company is reliant on the trading results of its immediate parent Beaumont Hotel Midco Limited Group ('the group'), of which the company and the Beaumont Hotel Limited are members, and the group's cash flow forecasts, which contain assumptions over revenue, profitability and cash generation. These cash flow forecasts have been stress-tested for severe but plausible scenarios that could impact the company. The analysis shows that in the base case and a reasonable worst-case scenario, there is a financing shortfall which would require additional cash funding from Beaumont Hotel Holdings Limited, over and above the existing external loan facilities held with Citibank.

Furthermore, the loan facilities the company has with Citibank are due for repayment in November 2022 and are used to support the continuing operations of The Beaumont Hotel Midco Limited Group; whilst, the directors are in advanced re-



negotiations with the bank to extend the loan, at the date of approving the financial statements, no agreement has been reached. If the debt is not renegotiated, it will need to be repaid in full in November 2022, which means that the group, and by extension the company, may not be able to meet its liabilities as they fall due. Beaumont Hotel Holdings Limited have confirmed, through a letter of support, that they will provide any required funding.

These conditions, along with the other matters explained in note 1.2 to the financial statements, indicate the existence of material uncertainties 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 were unable to continue as a 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.

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

## **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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2021 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, 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation and Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate reported results. Audit procedures performed by the engagement team included:

- making enquiries with management, including consideration of known or suspected instances of fraud and non-compliance with laws and regulations;
- reviewing minutes of meetings of those charged with governance;
- evaluating management's controls designed to prevent and detect irregularities;
- challenging assumptions and judgements made by management in significant accounting estimates; and
- testing unusual or unexpected journal entries, particularly those impacting revenue, expenses and cash.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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](http://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 obtained 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.



Letitia Popplewell (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
11 August 2022

# BEAUMONT HOTEL PROPERTIES LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

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	Notes	2021 £	2020 £
<b>Turnover</b>		537,500	1,110,000
Administrative expenses		(2,638,631)	(1,797,219)
Impairment reversal/(losses)	5	7,919,201	(21,727,728)
<b>Operating profit/(loss)</b>	3	5,818,070	(22,414,947)
Interest payable and similar expenses		(1,805,054)	(1,664,487)
<b>Profit/(loss) before taxation</b>		4,013,016	(24,079,434)
Tax on profit/(loss)		(695,157)	4,128,268
<b>Profit/(loss) for the financial year</b>		<u>3,317,859</u>	<u>(19,951,166)</u>

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

The notes on pages 11 to 22 are an integral part of these financial statements.

# BEAUMONT HOTEL PROPERTIES LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Tangible assets	6	146,000,000		129,100,000	
<b>Current assets</b>					
Debtors falling due after more than one year	7	3,433,111		4,128,268	
Debtors falling due within one year	7	1,935,780		1,362,871	
Cash at bank and in hand		2,652,426		2,544,897	
		8,021,317		8,036,036	
<b>Creditors: amounts falling due within one year</b>	8	(168,219,723)		(104,650,281)	
<b>Net current liabilities</b>		(160,198,406)		(96,614,245)	
<b>Total assets less current liabilities</b>		(14,198,406)		32,485,755	
<b>Creditors: amounts falling due after more than one year</b>	9	(7,838,120)		(57,840,140)	
<b>Net liabilities</b>		(22,036,526)		(25,354,385)	
<b>Capital and reserves</b>					
Called up share capital	11	1		1	
Profit and loss reserves		(22,036,527)		(25,354,386)	
<b>Total equity</b>		(22,036,526)		(25,354,385)	

The notes on pages 11 to 22 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 11th August 2022. and are signed on its behalf by:



G R Changizi

Director

Company Registration No. 11499684

# BEAUMONT HOTEL PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 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 20 North Audley Street London W1K 6WE.

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 leasehold properties. 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 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 continue its operations and to meet its liabilities as they fall due for the foreseeable future and for a period of at least 12 months from the date of approval of these financial statements.

The company is owned 100% by The Beaumont Hotel Midco Limited as part of The Beaumont Hotel Midco Limited Group ('the group'). The company is in a net current liability position and relies on the parent company and group's shareholder (Beaumont Hotel Holdings Limited) to provide financial support 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 group (which by extension, includes 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 2021

---

#### 1 Accounting policies

(Continued)

##### *Financing*

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 facility agreement with Citibank matures in November 2022 and the directors are in advanced re-negotiations with the bank to extend the loan for an additional 5 years. The loan facilities contain historic debt yield and loan to value covenants which have been waived for the remainder of the loan term.

##### *Uncertainty of future cash flows*

In January 2020, an outbreak of a novel coronavirus, subsequently classified as COVID-19, was detected in China. As a result of the global pandemic, the Beaumont Hotel was forced to close its doors and suspend trading on 23 March 2020 following the UK government's enforced closure. The hospitality sector has been impacted the hardest by the strict lockdown protocols imposed by the UK government; however hotels were allowed to re-open their doors on 17 May 2021. The Beaumont used this opportunity, while occupancy was forecast to be low, to refurbish its ground-floor areas and spa. Along with a new bar, Le Magritte, an all-day dining Library and an alfresco dining terrace, the Beaumont's art deco public interiors have been enhanced by international designer, the Office of Thierry Despont, and architects Reardon Smith.

The hotel re-opened to the public on 20 August 2021 and trading has far exceeded expectations. In late November 2021, a new variant of Covid-19, Omicron, was first discovered in South Africa and then subsequently detected in the United Kingdom. The new variant was more transmissible than previous covid variants and as result, positive covid cases began to increase exponentially in the UK and around the globe. On 13 December 2021, the UK government issued a work from home announcement which had a detrimental impact on the hospitality industry; however the fatality and hospitalization rates were far lower than previous variants. On 27th January 2022, all Plan B covid restrictions were lifted because of the success of the booster roll out and drop in positive Covid cases and all Covid and travel restrictions were lifted in late March following the UK government's 'Living with Covid' plan announcement.

The hotel closure had a significant impact on the company's operations and financial results for 2021, but now that the hotel has re-opened and following the UK government's 'Living with covid' plan, the directors are confident, based on the latest trading and forecast, that the hotel will return to profitability.

Whilst the base cash flow forecast shows that the group (which by extension, includes the company) is forecast to generate sufficient cashflow to meet all operating and financing liabilities when they fall due, this is provided that additional funding is provided Beaumont Hotel Holdings Limited. In the absence of funding being provided by Beaumont Hotel Holdings Limited, the cash flow forecasts show that the company will not generate sufficient cashflow to meet all operating and financial liabilities when they fall due in the base or 'reasonable worst-case' scenarios. Beaumont Hotel Holdings Limited have confirmed, through a letter of support, that they will provide any required funding.

# BEAUMONT HOTEL PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### 1 Accounting policies

(Continued)

##### **Material uncertainty**

The following matters in the financial statements for the year ended 31 December 2021 give rise to material uncertainties that may cast significant doubt about the company's ability to continue as a going concern:

- The base cash flow forecast shows that additional funding above the amount already committed needs to be provided by the parent company and shareholder, Beaumont Hotel Holdings Limited, to the hotel group (which by extension, includes the company) via the uncommitted loan note facilities available to Beaumont Hotel Holdings Limited. The amount and timing of the required support are uncertain as of the date of signing the financial statements; and
- The loan facilities agreement the company has with Citibank matures is due for repayment in November 2022 and is used to support the continuing operations of The Beaumont Hotel Midco Limited Group, of which the company is a member. Whilst the directors are in advanced re-negotiations with the bank to extend the loan for an additional 5 years and have a high degree of confidence that the facility will be renewed before it matures, the securing of the loan extension is uncertain as of the date of signing 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:

- Beaumont Hotel Holdings Limited will be able to provide the necessary support to the company if required; and
- Negotiations in respect of the renewal of the loan facility will be successful.

Accordingly, based on the above the Directors consider the going concern assumption in the preparation of the company's financial statements is appropriate as at the date of approval of these 2021 financial statements. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

#### 1.3 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. All revenue is generated from contractual license fees. 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 2021

---

### 1 Accounting policies

(Continued)

#### 1.4 Tangible fixed assets

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

Depreciation is recognised so as to write off the cost 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
Leasehold improvements	10 years straight line

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.

#### 1.5 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 2021

---

### 1 Accounting policies

(Continued)

#### 1.6 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. Loans from fellow group companies are repayable on demand.

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 2021

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#### 1 Accounting policies

(Continued)

##### 1.7 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.

##### 1.8 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.

##### 1.9 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.

##### 1.10 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.

##### 1.11 Interest income and expenses

Interest income and expenses are reported on an accrual basis using the effective interest method.

# BEAUMONT HOTEL PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 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.

#### Valuation of leasehold properties

The Company's land and buildings within tangible assets are stated at cost less impairment. An external third party valuation has been obtained to support the carrying value of the leases. The valuation involves the use of estimates, including future cash flow projections and a discount rate. For details on the sensitivities see note 6.

Small changes in the key estimates can have a significant impact on the valuation of the leasehold properties, and therefore a significant impact on the balance sheet. Certain estimates require an assessment of factors not within management's control, such as overall market conditions. Valuation reports are based on both information provided by the Company, which is derived from the Company's financial systems and is subject to the Company's overall control environment, and assumptions applied by the valuers. These assumptions are based on market observation and the valuers' professional judgement.

Future cash flow projections have a direct relationship to valuation. The Valuer has used historic trading figures together with their own market knowledge and market benchmarks to compile a 10-year cashflow of future trading forecasts and applied an exit yield and discount rate to the calculations.

The estimated fair value may differ from the price at which the Company's assets could be sold. Actual realisation of net assets could differ from the valuation used in these financial statements, and the difference could be significant.

An impairment assessment has been performed at 31 December 2021, and there has been a reversal of impairment to the leasehold property. For details on the impairment reversal see note 6.

### 3 Operating profit/(loss)

	2021	2020
Operating profit/(loss) for the year is stated after charging/(crediting):	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	48,000	19,500
Depreciation of owned tangible fixed assets	1,254,216	1,210,189
Impairment of owned tangible fixed assets	(7,919,201)	21,727,728

### 4 Employees

The average monthly number of persons (including directors) employed by the company during the year was 4 (2020: 3).

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 2021

#### 5 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2021 £	2020 £
In respect of:			
Tangible fixed assets	6	-	21,727,728
Impairment reversal/(losses)		-	21,727,728

Reversals of previous impairment losses have been recognised in profit or loss as follows:

	Notes	2021 £	2020 £
In respect of:			
Tangible fixed assets	6	7,919,201	-
Recognised in:			
Impairment reversal/(losses)		7,919,201	-

#### 6 Tangible assets

	Land and buildings £
<b>Cost</b>	
At 1 January 2021	153,566,402
Additions	10,235,015
At 31 December 2021	163,801,417
<b>Accumulated depreciation and impairment</b>	
At 1 January 2021	24,466,402
Depreciation charged in the year	1,254,216
Reversal of past impairment	(7,919,201)
At 31 December 2021	17,801,417
<b>Carrying amount</b>	
At 31 December 2021	146,000,000
At 31 December 2020	129,100,000

# BEAUMONT HOTEL PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **6 Tangible assets**

**(Continued)**

The historic cost of the leasehold land and buildings is £163,801,417 (2020: £153,566,402). The company's leasehold properties are held at cost and are assessed for impairment annually.

A valuation of the leasehold was undertaken by Jones Lang LaSalle and determined that the value of the leasehold was £146,042,356 at 31 December 2021.

The discount rate applied is 6.5%. If the discount rate increased by 0.5%, the value of the lease would decrease by £6.8m. If the discount rate decreased by 0.5%, the value of the lease would increase by £7.1m. The terminal cap rate applied is 4.0%. If the cap rate increased by 0.5%, the value of the lease would decrease by £13.1m. If the cap rate decreased by 0.5%, the value of the lease would increase by £16.3m.

The valuation of the leasehold used a model that includes cash flow forecasts and a change in revenue would materially impact the value of the lease and the impairment balance. The terminal cap rate is affected by revenue and so this change includes the revenue affect.

# BEAUMONT HOTEL PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 7 Debtors

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Amounts due from parent undertaking	33,305	31,763
Other debtors	1,902,475	1,331,108
	<u>1,935,780</u>	<u>1,362,871</u>

Amounts due from parent undertaking is undertaking is unsecured, interest free and repayable on demand.

	2021 £	2020 £
<b>Amounts falling due after more than one year:</b>		
Deferred tax asset	3,433,111	4,128,268
	<u>3,433,111</u>	<u>4,128,268</u>
<b>Total debtors</b>	<u>5,368,891</u>	<u>5,491,139</u>

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

### 8 Creditors: amounts falling due within one year

	2021 £	2020 £
Bank loans and overdrafts	50,000,000	-
Trade creditors	1,123,244	8,975
Amounts owed to group undertakings	116,502,497	104,151,253
Obligations under finance leases	340,000	340,000
Accruals and deferred income	253,982	150,053
	<u>168,219,723</u>	<u>104,650,281</u>

A balance of £99,265,509 (2020: £99,265,509) 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.

A balance of £50,000,000 (2020: >1 year £50,000,000) due within one year 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 November 2022 dependent on any prepayment events. Interest is 2.25% plus SONIA annually and is payable quarterly.

### 9 Creditors: amounts falling due after more than one year

	2021 £	2020 £
Bank loans and overdrafts	-	50,000,000
Obligations under finance leases	7,838,120	7,840,140
	<u>7,838,120</u>	<u>57,840,140</u>

# BEAUMONT HOTEL PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 10 Deferred taxation

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

	<b>Assets 2021 £</b>	<b>Assets 2020 £</b>
<b>Balances:</b>		
Revaluations	<u>3,433,111</u>	<u>4,128,268</u>
<b>Movements in the year:</b>		<b>2021 £</b>
Asset at 1 January 2021		(4,128,268)
Charge to profit or loss		1,504,648
Effect of change in tax rate - profit or loss		<u>(809,491)</u>
Asset at 31 December 2021		<u><u>(3,433,111)</u></u>

The deferred tax asset set out above is expected to reverse over the remaining life of the leasehold and relates impairment of the leasehold in 2020, which creates a difference to the tax base of the leasehold.

In the Finance Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%.

#### 11 Called up share capital

	<b>2021 £</b>	<b>2020 £</b>
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1 (2020: 1) Ordinary of £1 each	<u>1</u>	<u>1</u>
	<u><u>1</u></u>	<u><u>1</u></u>



# **BEAUMONT HOTEL PROPERTIES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **12 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.

### **13 Ultimate controlling party**

At 31 December 2021, the immediate parent company of Beaumont Hotel Properties Limited is Beaumont Hotel (Midco) Limited, a company registered in England and Wales. The 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 20 North Audley Street London W1K 6WE. The ultimate controlling party until 29 July 2021 was Aidan Barclay. On 30 July 2021 ultimate controlling party changed to Summit Trust Holdings Limited. At 31 December 2021 the ultimate controlling party is Summit Trust Holding Limited.