

Company Registration No. 11499684 (England and Wales)

**BEAUMONT HOTEL PROPERTIES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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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	(Appointed 15 July 2020)
	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	
<b>Business address</b>	WC2N 6RH	
	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 2020**

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The directors present their annual report and audited financial statements for the year ended 31 December 2020.

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 15 July 2020)

(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, the global pandemic is still ongoing and management continues to monitor its impact on the business.

The hotel reopened on 20th August 2021.

On 30 July 2021 ultimate controlling party changed to Summit Trust Holdings Limited

#### **Future developments**

Planning permission was received from Westminster City Council in August 2020 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.

#### **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.

# **BEAUMONT HOTEL PROPERTIES LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **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, 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 2020**

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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. 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 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 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 and trading has far exceeded expectations. All restriction on travel has been removed, including North America which historically comprises 50% of guest bookings. The cash flow forecasts have been updated as a result and the hotel is forecast to generate sufficient cashflow to meeting all operating and financing liabilities when they fall due. There is however still a risk of a Covid-19 resurgence and the downside scenario is a further government lockdown resulting in the closure of the hotel. Numerous detailed cash flow scenarios have been performed for such an outcome and it is anticipated that the company would run out of liquidity a month after the hotel closure. The company has a letter of support from its parent company (Beaumont Hotel Holdings Limited) and can rely on support and funding in such unlikely event.

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 travel restrictions have been lifted, the directors are confident, based on the latest trading and forecast, that the hotel will return to profitability and generate sufficient cash flow in the future. Due to uncertainty of future cash flows while the hotel was closed, the tangible assets were revalued and subsequently impaired, refer note 6 below.

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, however the directors are confident that the facility will be re-negotiated. 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.

Full waivers have been obtained in respect of the quarterly covenant test dates for March 2021, June 2021 and September 2021, and partial waivers have been obtained in respect of the quarterly covenant test dates for December 2021, March 2022 and June 2022, and at December 2021 did not breach the amended covenants, at the date of approval of the 31 December 2020 financial statements.

The company is in a net current liability position and relies on a support from its 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 2020 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.

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 2020 financial statements. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

# BEAUMONT HOTEL PROPERTIES LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### 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.

On behalf of the board



G R Changizi

Director

Date:

22/02/2022

## **Beaumont Hotel Properties Limited**

# **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 2020 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 2020; 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.



## **Beaumont Hotel Properties Limited**

### **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 loan facilities the company has with Citibank is due for repayment in November 2022, the directors are confident that the facility will be renegotiated but at the date of approving the financial statements no agreement has been reached. The loan facility also contains historic debt yield that are calculated on the financial results of the The Beaumont Hotel Limited, a sister company, which are testing on a quarterly basis. Full waivers have been obtained in respect of the quarterly covenant test dates for March 2021, June 2021 and September 2021, and partial waivers have been obtained in respect of the quarterly covenant test dates for December 2021, March 2022 and June 2022, and at December 2021 did not breach the amended covenants, at the date of approval of the 31 December 2020 financial statements. If the debt is not renegotiated it will need to be repaid in full in November 2022 additionally 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 in full, in both circumstances it may mean that the company may not be able to meet its liabilities as they fall due. The company is reliant on the trading results of the group and the group's forecast cash flows contain assumptions over revenue, profitability, and cash generation. The group is currently open and trading but there is still a high level of uncertainty over the future cash flows of the group as there is a risk of the emergence of new variants and the possibility of further government enforced lockdowns. These cash flow forecasts have been stress-tested for severe but plausible scenarios that could impact the group. 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 the parent company (Beaumont Hotel Holdings Limited), over and above the existing external loan facilities held with Citibank. Therefore, the company is reliant on support from the parent company in order to continue as a going concern.. These conditions, along with the other matters explained in note 1.2 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 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.

### **Emphasis of matter - Significant estimation uncertainty in relation to the valuation of long leasehold land and buildings**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in notes 2 (Judgements and key sources of estimation uncertainty) and 6 (Tangible assets) to the financial statements. These notes explain that there is significant estimation uncertainty in relation to the valuation of long leasehold land and buildings of £129.1m included in the statement of financial position as at 31 December 2020. The third party valuers engaged by management have included a material valuation uncertainty clause in their report. This clause highlights that less certainty, and consequently a higher degree of caution, should be attached to the valuation as a result of the COVID-19 pandemic.

# **Beaumont Hotel Properties Limited**

## **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 2020 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.

# **Beaumont Hotel Properties Limited**

## **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, employment legislation and data protection, 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 and management bias in accounting estimates. 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 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.

## **Beaumont Hotel Properties Limited**

### **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  
22 February 2022

# BEAUMONT HOTEL PROPERTIES LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover		1,110,000	1,110,000
Administrative expenses		(1,797,219)	(2,379,466)
Impairment losses	6	(21,727,728)	-
<b>Operating loss</b>	<b>3</b>	<b>(22,414,947)</b>	<b>(1,269,466)</b>
Interest payable and similar expenses		(1,664,487)	(1,874,088)
<b>Loss before taxation</b>		<b>(24,079,434)</b>	<b>(3,143,554)</b>
Tax on loss		4,128,268	-
<b>Loss for the financial year</b>		<b>(19,951,166)</b>	<b>(3,143,554)</b>

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

The notes on pages 10 to 23 are an integral part of these financial statements.

# BEAUMONT HOTEL PROPERTIES LIMITED

## BALANCE SHEET

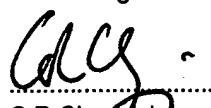
AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	6	129,100,000		149,745,145	
<b>Current assets</b>					
Debtors falling due after more than one year	7	4,128,268		-	
Debtors falling due within one year	7	1,362,871		877,578	
Cash at bank and in hand		2,544,897		3,134,035	
		8,036,036		4,011,613	
<b>Creditors: amounts falling due within one year</b>	8	(104,650,281)		(101,300,402)	
<b>Net current liabilities</b>		(96,614,245)		(97,288,789)	
<b>Total assets less current liabilities</b>		32,485,755		52,456,356	
<b>Creditors: amounts falling due after more than one year</b>	9	(57,840,140)		(57,859,575)	
<b>Net liabilities</b>		(25,354,385)		(5,403,219)	
<b>Capital and reserves</b>					
Called up share capital	11	1		1	
Profit and loss reserves		(25,354,386)		(5,403,220)	
<b>Total equity</b>		(25,354,385)		(5,403,219)	

The notes on pages 10 to 23 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 22/02/2022 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 2020

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### 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 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 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 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 the foreseeable future and for a period of 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 2020

### 1 Accounting policies

(Continued)

#### 1.2 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. This loan is repayable in November 2022. 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 base case 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 and a severe but plausible downside scenario has been modelled which forecasts a breach of the covenants. Full waivers have been obtained in respect of the quarterly covenant test dates for March 2021, June 2021 and September 2021, and partial waivers have been obtained in respect of the quarterly covenant test dates for December 2021, March 2022 and June 2022, and at December 2021 did not breach the amended covenants, at the date of approval of the 31 December 2020 financial statements. Full waivers would be required in the severe but plausible downside scenario.

The company is in a net current liability position and relies on a 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.

##### *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 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 hospitality sector has been impacted the hardest by the strict lockdown protocols imposed by the UK government, and 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 ('the company') due to the Beaumont Hotel being closed from 23 March 2020 until 20 August 2021 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 of the company.

These events have a significant impact on the company's operations and financial results for the remainder of 2021 and 2022 with a potential material adverse impact on the company's profitability, cash flows and financial position. The development and rollout of numerous approved vaccines provides the directors with confidence that business will return sooner than previously expected. There is however still a risk of a Covid-19 resurgence and the downside scenario is a further government lockdown resulting in the closure of the hotel. Numerous detailed cash flow scenarios have been performed for such an outcome and it is anticipated that the company would run out of liquidity a month after the hotel closure. The company has a letter of support from its parent company (Beaumont Hotel Holdings Limited) and can rely on support and funding in such unlikely event.



# BEAUMONT HOTEL PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 1 Accounting policies

(Continued)

#### 1.2 Going concern (continued)

##### *Material uncertainty*

The following matters in the financial statements for the year ended 31 December 2020 give rise to a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern:

- Whilst the future cash flow forecasts assume a continued recovery in line with recent trading, which was faster than expected, since the hotel re-opened on 20 August 2021, the eventual outcome of the pandemic remains subject to uncertainty. A resurgence of the disease or outbreak of a new variant 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. In the disclosed downside scenario the current funding received would not be sufficient and additional funding would be required from the 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 Beaumont Hotel Holdings Limited. The amount and timing of the required support are uncertain as at the date of approval of the financial statements; and
- At the date of approval of the financial statements, the company had obtained partial bank waivers for the forecast quarterly covenants tests for December 2021, March 2022 and June 2022, and at December 2021 did not breach the amended covenants. If the future actual trading results are below forecast, in the disclosed downside scenario, then the company may not meet the covenant requirements and the lenders could withdraw the existing financing facilities. In the unlikely event that the required waivers are not successfully negotiated, then the company may be in default in respect of the related loan facilities and claims could be made against the company to repay the loans. This may mean that the company may not be able to meet its liabilities as they fall due. The loan is due for repayment in November 2022, which the company is in the process of renegotiating.

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 renegotiating the loan facility after November 2022 and renegotiating the covenant requirements for March 2022, June 2022 and September 2022 quarterly covenant tests; and
- Beaumont Hotel Holdings Limited will be able to provide the necessary support to the company if required.

Accordingly, based on the above and the cash flow projections in a severe but plausible downside scenario, 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 2020 financial statements. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

#### 1.3 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 2020

### 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
------------------------------	--

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 2020

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### 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.

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 2020

### 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 2020

### 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. The third party valuation report included a material valuation uncertainty clause. The clause highlights significant estimation uncertainty regarding the valuation of leasehold property due to the Covid-19 pandemic. 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 2020, and there has been an impairment to the leasehold property. For details on the impairment see note 6.

### 3 Operating loss

	2020	2019
Operating loss for the year is stated after charging:	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	19,500	9,085
Depreciation of owned tangible fixed assets	1,210,189	1,210,189
Impairment of owned tangible fixed assets	21,727,728	-

# BEAUMONT HOTEL PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 4 Employees

The average monthly number of persons (including directors) employed by the company during the year was 3 (2019: 2).

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

### 5 Impairments

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

	Notes	2020 £	2019 £
In respect of:			
Tangible fixed assets	6	21,727,728	-
Impairment losses		21,727,728	-

### 6 Tangible assets

	Land and buildings £
<b>Cost</b>	
At 1 January 2020	151,273,630
Additions	2,292,772
At 31 December 2020	153,566,402
<b>Accumulated depreciation and impairment</b>	
At 1 January 2020	1,528,485
Depreciation charged in the year	1,210,189
Impairment losses	21,727,728
At 31 December 2020	24,466,402
<b>Carrying amount</b>	
At 31 December 2020	129,100,000
At 31 December 2019	149,745,145

# BEAUMONT HOTEL PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 6 Tangible assets

(Continued)

The historic cost of the leasehold land and buildings is £151,273,630 (2019: £151,273,630). 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 £129,100,000 at 31 December 2020. The impairment review undertaken for the year ended 31 December 2020 concluded that an impairment of £21,727,728 was required.

The discount rate applied is 6.5%. If the discount rate increased by 0.5%, the value of the lease would decrease by £6.4m. If the discount rate decreased by 0.5%, the value of the lease would increase by £6.8m. The terminal cap rate applied is 4.0%. If the cap rate increased by 0.5%, the value of the lease would decrease by £12.8m. If the cap rate decreased by 0.5%, the value of the lease would increase by £15.94m. 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.

### 7 Debtors

	2020	2019
	£	£
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	31,763	19,250
Other debtors	1,331,108	858,328
	<u>1,362,871</u>	<u>877,578</u>
	2020	2019
	£	£
<b>Amounts falling due after more than one year:</b>		
Deferred tax asset	4,128,268	-
	<u>5,491,139</u>	<u>877,578</u>
<b>Total debtors</b>	<u>5,491,139</u>	<u>877,578</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 2020

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

	2020 £	2019 £
Trade creditors	8,975	4,644
Amounts owed to group undertakings	104,151,253	100,186,860
Obligations under finance leases	340,000	322,504
Accruals and deferred income	150,053	786,394
	<u>104,650,281</u>	<u>101,300,402</u>

A balance of £99,265,509 (2019: £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.

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

	2020 £	2019 £
Bank loans and overdrafts	50,000,000	50,000,000
Obligations under finance leases	7,840,140	7,859,575
	<u>57,840,140</u>	<u>57,859,575</u>

A balance of £50,000,000 (2019: £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 November 2022 dependent on any prepayment events. Interest is 2.25% plus LIBOR annually and is payable quarterly.

### 10 Deferred taxation

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

	Assets 2020 £	Assets 2019 £
<b>Balances:</b>		
Revaluations	<u>4,128,268</u>	<u>-</u>
<b>Movements in the year:</b>		2020 £
Liability at 1 January 2020		-
Credit to profit or loss		(4,128,268)
Asset at 31 December 2020		<u>(4,128,268)</u>



# BEAUMONT HOTEL PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 10 Deferred taxation

(Continued)

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 note 5 and 6, which creates a difference to the tax base of the leasehold.

In the Finance Budget 2020, the UK Government announced that from 1 April 2020 the UK corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% was substantively enacted before the balance sheet date, the effect of the impact of change in tax rate is included within these financial statements. Subsequently In the Finance Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

### 11 Called up share capital

	2020 £	2019 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1 (2019: £1) Ordinary of £1 each	1	1
	<u>1</u>	<u>1</u>

### 12 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:

2020 £	2019 £
-	35,371
<u>-</u>	<u>35,371</u>

### 13 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.

# **BEAUMONT HOTEL PROPERTIES LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **14 Ultimate controlling party**

At 31 December 2020, 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 is Aidan Barclay at 31 December 2020. On 30 July 2021 ultimate controlling party changed to Summit Trust Holdings Limited.

### **15 Post balance sheet events (non-adjusting) COVID-19**

As at the time of signing the financial statements, the global pandemic is still ongoing and management continues to monitor its impact on the business.

The hotel reopened on 20th August 2021.

On 30 July 2021 ultimate controlling party changed to Summit Trust Holdings Limited.