Company Registration Number 03473990

PEEL HOTELS LIMITED

FINANCIAL STATEMENTS

24 JANUARY 2021

ArmstrongWatson®

Accountants, Business & Financial Advisers

COMPANY INFORMATION

Directors	H H J Fentum N D L Parrish R E G Peel
Company secretary	Thrings Company Secretarial Limited
Registered number	03473990
Registered office	Thrings LLP 20 St. Andrew Street London England EC4A 3AG
Bankers	Allied Irish Bank Plc Berkeley Square House Mayfair London W1J 6BR
Solicitors	Thrings LLP 20 St Andrew Street London EC4A 3AG

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GROUP STRATEGIC REPORT
FOR THE PERIOD ENDED 24 JANUARY 2021

Introduction

The Directors present the Strategic Report of the Group for the year ended 24 January 2021.

Business review

Results

Whilst the Directors consider trading performance in the context of KPI's and financing below the key financial reporting event in the year has been the impairment of the Group's property estate by £7,253,860. This has significantly impacted the in year result of the Group and its net asset position. Although a significant value the Directors believe this reflects the adverse impact of the COVID 19 pandemic on the both the UK leisure & hospitality and property markets. They remain confident that as the UK economy unlocks and occupancy rates across the sector increase that there will be a future reversal of this diminution in value. Detail over the key assumptions used in determining the level of impairment can be found in notes 3 and 13 to the accounts.

The key performance indicators for the Group are revenue, EBITDA, profit before tax, REVPAR and net debt levels.

The financial year ended 24 January 2021 has been a very challenging year for the Group with hotel revenue decreasing to £4,826,379 (2020 - £15,630,531). The Group generated a gross loss before depreciation and Group administration expenses of £3,017,884 (2020 - £1,728,694 gross profit), EBITDA has decreased to a loss of £9,469,943 (2020 - £1,145,582 profit).

Loss before tax was £10,215,1617 (2020 - £17,898 profit).

REVPAR (accommodation revenue per available room) was down 65.4% with occupancy down 66.1% and average room rate up 2.2%.

Administration expenses decreased 23.6%. Depreciation and amortisation decreased 31.5%.

Finance

As at 24 January 2021 net debt stood at £7,425,342 (2020 - £8,517,752) representing loans totalling £8,150,569 (2020 - £8,828,849) less £725,227 (2020 - £311,097) cash at bank and in hand. Gearing on shareholders' funds was 35.6% with interest coverage at minus 8.8 times. Net debt decreased by £1,092,410 compared with the previous year.

We managed to secure a CBILS Loan of £2,500,000 from the Government with the help of our Bank, Allied Irish which is interest free for the first year and then repayable over the next six years.

We sold the Cosmopolitan Hotel on Thursday 27 August for £4,350,000 which was £450,000 less than its book value. This however has enabled us to pay down £3,400,000 of our original £8,900,000 loan.

During the financial year, the Company breached its financial covenants. Subsequently we have renegotiated our loan with the bank on a capital repayment basis over the next year and as a consequence, we are now covenant compliant.

Impact of Covid-19

The Directors have prepared forecasts for more than 12 months from the date of signing these accounts, which fairly represent their best, prudent estimate of hotel trading and cash flows in the current economic environment, which forecasts show that: the Company and Group will be able to meet its loan repayment and financing costs within the facility referred to above; meet its tax payments; and pay its creditors on normal terms in the 12 months from the date of signing these accounts. The Directors have considered contingency plans in the event of unforeseen deterioration beyond their prudent forecasts, including a return to support from Directors' Loans, reduced capital expenditure, and the sale of assets. In reliance on their forecasts and contingency plans, your Directors are happy to continue to adopt the going concern basis of accounting in preparing the Company's and Group's annual financial statements.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 24 JANUARY 2021

Capital expenditure
£342,978 was spent during the year plus £1,662,840 re insurance capitalising reinvestment at the Caledonian Hotel (2020 - £518,141 plus £231,630 re Caledonian Hotel).

We continue to invest in our internet access throughout all our hotels giving our Guests faster connection. This service is absolutely free to our Guests and is a vital component to them having a satisfactory stay with us.

In addition to Capital Expenditure £362,074 (2020 - £592,128) was spent on repairs and renewals which help us to ensure that we are constantly and consistently maintaining and improving our product. Proof of which is the continuing improvements in ratings of each Hotel assessed by the Automobile Association.

Principal risks and uncertainties

The Directors have set in place a thorough risk management process that identifies the key risks faced by the Group and ensures that processes are adopted to monitor and mitigate suck risks.

We have looked to reduce the exposure of the Group to the loss-making leases of the hotels at Nottingham and Dunfermline, and as such have placed our two subsidiaries which had operated those hotels into liquidation. Discussions are ongoing and appropriate provision for this year has been made.

The principal non-financial risk affecting the business relates to the fact that the market in which the Group operates is highly competitive, with constant pressure on rates in the provincial marketplace. The Group seeks to mitigate this by ensuring its product offering is maintained to a high standard, via a programme of on-going refurbishment to maintain competitiveness.

The principal financial risks affecting the business are currency risk, credit risk, interest rate risk and liquidity risk.

All the Group's sales and purchases are made in sterling, therefore the Group is not exposed to any significant currency risks.

The Directors are satisfied that the credit risk is adequately managed and the level of bad debt is consistent with the nature of the industry.

Given the current market expectations as to the movement in LIBOR in the short to medium term, it is not the Group's intention to enter into any financial instruments to manage its interest rate risk on its new long term financing. This policy will be kept under regular review.

Liquidity needs are managed by regular review of the timing of expected receivables and payments (including capital payments required on the bank and other loans) and the availability of facilities and levels of cash on deposit via the preparation of cash flow forecasts.

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

R E G Peel
Director

Date: 21 January 2022

DIRECTORS' REPORT
FOR THE PERIOD ENDED 24 JANUARY 2021

The directors present their report and the financial statements for the period ended 24 January 2021.

Directors' responsibilities statement

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

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

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the period, after taxation, amounted to £9,867,347 *(2020 - profit £5,210)*.

The Directors recommend that no dividend be paid (2020 - £nil).

Executive Directors

Robert Peel, age 74, was appointed on 25 November 1997.
Nicholas Parrish, age 63, was appointed on 19 October 2012.

Non-executive Directors

Haydn Fentum, age 51, was appointed on 22 July 2016.
All Directors served throughout the year.

The Directors are not aware of any persons, other than Robert Peel and his brother Charles Peel who, directly or indirectly, jointly or severally, exercise control over the Company.

Future developments

We are clear in our Strategy which is to recover our EBITDA lost to Covid and thereafter sell down a proportion of our assets to become debt free in the future. We have exceeded our own expectations in the current financial year, month by month and we have benefitted across the board from staycation and the reluctance of many to put up with the travel hassle understandably caused by Covid. The added benefits afforded to us through the reduction of VAT, rates holidays and Government Grants has added value to our results.

DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 24 JANUARY 2021

Engagement with employees

Every effort is made to keep staff informed of and involved in the operation and progress of the Group. The policy of the Group for the employment of disabled persons is to give them equal opportunities with other employees to train for and attain any position in the Group having regard to the maintenance of a safe working environment and the constraints of their disabilities. Close attention is given to employees' health and safety with particular regard to the requirements of the Health and Safety at Work legislation.

Directors' and Officers' liability insurance

The Group has purchased Directors' and Officers liability insurance.

Engagement with suppliers, customers and others

We have been extremely sensitive to the problems our guests have faced in terms of reorganising reservations and claiming back deposits. The fact that we encourage telephonic activity in our hotels and at our London office ensures personal and friendly communication rather than computerised communication and this greatly helps our clients, in particular the older ones.

We are very aware of the economic misery caused by the impact from Covid that has occurred with many of our smaller suppliers and we have ensured that our payments are speedy. In the times when we too, were suffering, we have ensured that we communicated with our suppliers, letting them know precisely when they could expect payment, giving them certainty and confidence in their own cash planning.

Greenhouse gas emissions, energy consumption and energy efficiency action

The cost of gas in particular has sky rocketed in the financial year, the cost of which greatly exceeded any consumption savings, savings from Covid closures or indeed energy efficiency action. Energy has rapidly become key cost in the successful running of an hotel business. We continue to balance the cosmetic needs and safety of our Guests with the justifiable pressure in lowering Greenhouse gas emissions.

Matters covered in the strategic report

Information is not shown in the directors' report because it is shown in the strategic report under s414C(11). The strategic report includes a business review, principal risks and uncertainties and financial key performance indicators.

Disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

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

DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 24 JANUARY 2021

Auditor

Under section 487(2) of the Companies Act 2006, Armstrong Watson Audit Limited will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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

Thrings Company Secretarial Limited
Secretary

Date: 21 January 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEEL HOTELS LIMITED

Opinion

We have audited the financial statements of Peel Hotels Limited (the 'parent Company') and its subsidiaries (the 'Group') for the period ended 24 January 2021, which comprise the Group Statement of income and retained earnings, the Group and Company Statements of financial position, the Group Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 24 January 2021 and of the Group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2.3 in the financial statements, which indicates that the group's ability to continue as a going concern is dependent on refinancing the business in late 2022. As stated in note 2.3, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEEL HOTELS LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEEL HOTELS LIMITED (CONTINUED)

Auditor's 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 Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the hotel and hospitality sector;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Company's financial statements to material misstated, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management override of controls, we:
- performed analytical procedures to identify unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether the judgements and assumptions made in determining the accounting estimates set out in Note 3 were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- enquiring of the Company's solicitors as to actual and potential litigation and claims.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEEL HOTELS LIMITED (CONTINUED)

Use of our report

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

Simon Turner (Senior statutory auditor)

for and on behalf of
Armstrong Watson Audit Limited

Chartered Accountants
Statutory Auditor

Leeds

21 January 2022

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE PERIOD ENDED 24 JANUARY 2021

	Note	Continuing operations 2021 £	Discontin'd operations 2021 £	Total 2021 £	*Continuing operations 2020 £*	*Discontinued operations 2020 £*	*Total 2020 £*
Turnover	4	**4,318,502**	**507,877**	**4,826,379**	*12,189,122*	*3,441,409*	*15,630,531*
Cost of sales		**(6,244,404)**	**(1,599,859)**	**(7,844,263)**	*(10,458,510)*	*(3,443,327)*	*(13,901,837)*
Gross (loss)/profit		**(1,925,902)**	**(1,091,982)**	**(3,017,884)**	*1,730,612*	*(1,918)*	*1,728,694*
Administrative expenses		**(607,599)**	**-**	**(607,599)**	*(795,111)*	*-*	*(795,111)*
Exceptional expenses	12	**(8,214,227)**	**(27,479)**	**(8,241,706)**	*(250,000)*	*-*	*(250,000)*
Other operating income	5	**1,245,183**	**303,261**	**1,548,444**	*-*	*-*	*-*
Insurance income proceeds	5	**1,523,641**	**-**	**1,523,641**	*461,999*	*-*	*461,999*
Depreciation	13	**(496,842)**	**-**	**(496,842)**	*(603,335)*	*(122,302)*	*(725,637)*
Loss on disposal of tangible fixed assets	6	**-**	**(674,839)**	**(674,839)**	*-*	*-*	*-*
Operating (loss)/profit	6	**(8,475,746)**	**(1,491,039)**	**(9,966,785)**	*544,165*	*(124,220)*	*419,945*
Interest payable and similar expenses	10	**(248,376)**	**-**	**(248,376)**	*(402,047)*	*-*	*(402,047)*
(Loss)/profit before tax		**(8,724,122)**	**(1,491,039)**	**(10,215,161)**	*142,118*	*(124,220)*	*17,898*
Tax on (loss)/profit	11	**347,814**	**-**	**347,814**	*(12,688)*	*-*	*(12,688)*
(Loss)/profit after tax		**(8,376,308)**	**(1,491,039)**	**(9,867,347)**	*129,430*	*(124,220)*	*5,210*

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS (CONTINUED)
FOR THE PERIOD ENDED 24 JANUARY 2021

Retained earnings at the beginning of the period	**12,149,156**	*12,143,946*
	12,149,156	*12,143,946*
(Loss)/profit for the period attributable to the owners of the parent	**(9,867,347)**	*5,210*
Retained earnings at the end of the period	**2,281,809**	*12,149,156*
Non-controlling interest at the end of the year		

The notes on pages 16 to 37 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 24 JANUARY 2021

	Note		24 January 2021 £		*26 January 2020 £*
Fixed assets					
Tangible assets	13		**22,930,353**		*33,539,043*
Current assets					
Stocks	15	**47,739**		*111,232*	
Debtors: amounts falling due within one year	16	**831,264**		*1,154,768*	
Cash at bank and in hand	17	**725,227**		*311,097*	
		1,604,230		*1,577,097*	
Creditors: amounts falling due within one year	18	**(3,268,943)**		*(11,107,431)*	
Net current liabilities			**(1,664,713)**		*(9,530,334)*
Total assets less current liabilities			**21,265,640**		*24,008,709*
Creditors: amounts falling due after more than one year	19		**(7,275,569)**		-
Provisions for liabilities					
Deferred tax	22		**(563,554)**		*(714,845)*
Net assets			**13,426,517**		*23,293,864*
Capital and reserves					
Called up share capital	23		**1,401,213**		*1,401,213*
Share premium account			**9,743,495**		*9,743,495*
Profit and loss account			**2,281,809**		*12,149,156*
			13,426,517		*23,293,864*

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

R E G Peel
Director

Date: 21 January 2022

The notes on pages 16 to 37 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 24 JANUARY 2021

	Note		24 January 2021 £		26 January 2020 £
Fixed assets					
Tangible assets	13		**21,348,692**		*31,785,726*
Investments	14		**1**		*3*
			21,348,693		*31,785,729*
Current assets					
Stocks	15	**41,352**		*82,015*	
Debtors: amounts falling due within one year	16	**685,661**		*916,338*	
Cash at bank and in hand	17	**720,792**		*295,067*	
		1,447,805		*1,293,420*	
Creditors: amounts falling due within one year	18	**(3,972,577)**		*(11,803,891)*	
Net current liabilities			**(2,524,772)**		*(10,510,471)*
Total assets less current liabilities			**18,823,921**		*21,275,258*
Creditors: amounts falling due after more than one year	19		**(7,275,569)**		-
Provisions for liabilities					
Deferred taxation	22		**(595,375)**		*(690,265)*
Net assets			**10,952,977**		*20,584,993*
Capital and reserves					
Called up share capital	23		**1,401,213**		*1,401,213*
Share premium account			**9,743,495**		*9,743,495*
Profit and loss account brought forward		**9,440,285**		*9,598,494*	
Loss for the period		**(9,632,016)**		*(158,209)*	
Profit and loss account carried forward			**(191,731)**		*9,440,285*
			10,952,977		*20,584,993*

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

R E G Peel
Director

Date: 21 January 2022

The notes on pages 16 to 37 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 24 JANUARY 2021

	24 January 2021 £	26 January 2020 £
Cash flows from operating activities		
(Loss)/profit for the financial period	**(9,867,347)**	*5,210*
Adjustments for:		
Depreciation of tangible assets	**496,842**	*725,637*
Impairments of fixed assets	**7,253,860**	*250,000*
Loss on disposal of tangible assets	**671,366**	-
Interest paid	**248,376**	*402,047*
Taxation charge	**(347,814)**	*12,688*
Decrease in stocks	**63,493**	*7,149*
Decrease/(increase) in debtors	**536,694**	*(165,998)*
Increase in creditors	**120,754**	*399,390*
Corporation tax (paid)	**(22,060)**	*(31,866)*
Net cash generated from operating activities	**(845,836)**	*1,604,257*
Cash flows from investing activities		
Purchase of tangible fixed assets	**(2,005,818)**	*(749,771)*
Sale of tangible fixed assets	**4,192,440**	-
Net cash from investing activities	**2,186,622**	*(749,771)*
Cash flows from financing activities		
New loans	**2,500,000**	-
Repayment of loans	**(3,178,280)**	*(455,995)*
Interest paid	**(248,376)**	*(402,047)*
Net cash used in financing activities	**(926,656)**	*(858,042)*
Net increase/(decrease) in cash and cash equivalents	**414,130**	*(3,556)*
Cash and cash equivalents at beginning of period	**311,097**	*314,653*
Cash and cash equivalents at the end of period	**725,227**	*311,097*
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	**725,227**	*311,097*
	725,227	*311,097*

The notes on pages 16 to 37 form part of these financial statements.

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE PERIOD ENDED 24 JANUARY 2021

	At 27 January 2020 £	Cash flows £	At 24 January 2021 £
Cash at bank and in hand	311,097	414,130	725,227
Debt due after 1 year	-	-	-
Debt due within 1 year	(8,828,849)	678,280	(8,150,569)
	(8,517,752)	1,092,410	(7,425,342)

The notes on pages 16 to 37 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 24 JANUARY 2021

1. General information

Peel Hotels Limited is a private company limited by shares incorporated in the United Kingdom. The company's registered office address is c/o Thrings LLP, 20 St Andrew Street, London, EC4A 3AG.

The principal activity of the company is the operation of hotels.

These financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the company operates.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of income and retained earnings in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of income and retained earnings from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102.

2. Accounting policies (continued)

2.3 Going concern

Whilst trading has remained challenging due to the economic uncertainty caused by COVID 19, since August 2021, the Group has returned to being cash generative each month. This upturn in performance, whilst subject to sensitivities less than pre COVID trading conditions, show a continuation of cash generation until at least 31 December 2022.

Furthermore, the Group has renewed its arrangement with its principal funders, obtaining a one year extension to 31 December 2022 on its bank loans and agreeing a reduced capital repayment profile of £1,000,000 in the same year. This is significantly less than forecast cash flows to 31 December 2022. This agreement reflects the continued compliance with the Groups banking arrangements including the disposal of the Cosmopolitan hotel in the year and liquidation of subsidiary undertakings.

However, the Group's banker, AIB, has confirmed its intention to leave the UK SME market on 1 January 2023. As such as at 31 December 2022 the Group needs to have either repaid its loan in full or found an alternative funder. Whilst the Director's believe that both scenarios are plausible and one will be implemented to the benefit of the Group; given they arise significantly in the future and no formal plans are approved at the date of approval of these accounts they note that there is some material uncertainty over the future funding of the Group; being the agreement of new banking arrangements with an alternative funder or the disposal of certain assets to repay existing debt.

Given these factors the directors have prepared the financial statements on a going concern basis.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group has a number of different revenue streams. Revenue from room and inclusive breakfast revenue is recognised at the end of the financial day when the Company has delivered its obligations to its customers. All other revenue such as bar and restaurant takings are recognised at the point of sale, and is shown net of Value Added Tax.

The difference between the amount of income recognised and the amount invoiced on a particular contract is included in the statement of financial position as deposits, within accruals and deferred income. Amounts included in accruals in respect of deposits taken are expected to be recognised within one year and are included within current liabilities.

2. Accounting policies (continued)

2.5 Operating leases: the Group as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 28 January 2019 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.6 Government grants

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

Grants of a revenue nature, e.g. JRS grants, are recognised in the Consolidated statement of income and retained earnings in the same period as the related expenditure.

2.7 Finance costs

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

2.8 Borrowing costs

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

2.9 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

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

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

Depreciation is charged on properties, excluding freehold land, at a rate calculated to write off the cost, less residual value, on a straight line basis, over 50 years.

On other assets, depreciation is charged to write off their costs by equal annual instalments over their estimated useful lives, which are considered to be.

Depreciation is provided on the following basis:

Plant, fixtures and fittings, and equipment	- 10 years
Soft furnishings	- 8 years
Office equipment	- 5 years
Computer equipment	- 3 years

Material residual value estimates are updated as required, but at least annually, whether or not the asset is revalued.

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

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

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 Stocks

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

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.15 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

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

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 24 JANUARY 2021

2. Accounting policies (continued)

2.17 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.18 Provisions for liabilities

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

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

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

2.19 Financial instruments

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 24 JANUARY 2021

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

The preparation of financial statements, in conformity with FRS102, requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, and associated assumptions, are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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 if the revision effects only that period, or in the period of the revision and future periods if the revision effects both current and future periods.

The Directors consider that the key judgements and sources of estimation made in preparation of the financial statements are:

The key judgement and level of uncertainty within the financial statements is with regards the carrying value of tangible fixed assets. During the year the directors have assessed that the carrying value exceeded the recoverable value of assets and have recognised an impairment charge of £7,253,860 accordingly. In determining the level of impairment charged the following key assumptions were applied by the directors:

- Consideration of external valuations obtained as part of the refinancing exercise
- Experience of the directors in disposing of hotel assets over the last 25 years and subsequent consideration of the net realisable value of assets if they were disposed of
- Comparison to payback periods on an EBITDA multiple

In doing so the directors have assessed the carrying value of assets to be higher than the valuation received as part of the refinancing of the Group. This reflects the fact that the valuation obtained was not prepared for the purpose of preparing the financial statements and thus was in the view of the directors overly prudent. If this valuation model had been applied there would have been an additional impairment charge of £8.7m recognised in the financial statements.

4. Turnover

The whole of the turnover is attributable to the principal activity of the Group.

All turnover arose within the United Kingdom.

5. Other operating income

	2021	*2020*
	£	*£*
JRS income receivable	**1,548,444**	-
Insurance income proceeds	**1,523,641**	*461,999*
	3,072,085	*461,999*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 24 JANUARY 2021

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2021	*2020*
	£	*£*
Depreciation	**496,842**	*725,637*
Repairs and renewals - hotels	**362,074**	*592,128*
Repairs and renewals - other	**42,048**	*20,944*
Fixed asset write off	**-**	*250,000*
Loss on disposal of fixed assets	**674,839**	-
Lease payments - land and buildings	**395,551**	*760,447*
Lease payments - plant and equipment	**82,655**	*245,084*

7. Auditor's remuneration

	2021	*2020*
	£	*£*
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**25,000**	*28,000*

Fees payable to the Group's auditor and its associates in respect of:

All other services	**3,000**	-
	3,000	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 24 JANUARY 2021**

8. Employees

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

	Group 24 January 2021 £	*Group 26 January 2020 £*	**Company 24 January 2021 £**	*Company 26 January 2020 £*
Wages and salaries	**2,507,355**	*5,791,404*	**2,295,914**	*5,791,404*
Social security costs	**256,082**	*367,870*	**256,082**	*367,870*
Cost of defined contribution scheme	**111,784**	*57,776*	**111,784**	*57,776*
	2,875,221	*6,217,050*	**2,663,780**	*6,217,050*

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

	Group 2021 No.	*Group 2020 No.*	**Company 2021 No.**	*Company 2020 No.*
Directors	**3**	*3*	*3*	*3*
Other employees	**310**	*406*	*310*	*406*
	313	*409*	*313*	*409*

9. Directors' remuneration

	2021 £	*2020 £*
Directors' emoluments	**104,305**	*122,328*
Company contributions to defined contribution pension schemes	**6,457**	*6,457*
	110,762	*128,785*

During the period retirement benefits were accruing to 1 director *(2020 - 1)* in respect of defined contribution pension schemes.

10. Interest payable and similar expenses

	2021 £	*2020 £*
Interest on long term bank loan	**123,201**	*319,348*
Bank charges, fees and instrument costs	**125,175**	*82,699*
	248,376	*402,047*

11. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	-	*20,288*
Adjustments in respect of previous periods	(196,523)	*(19,918)*
	(196,523)	*370*
Total current tax	(196,523)	*370*
Deferred tax		
Origination and reversal of timing differences	(151,291)	*(5,246)*
Changes to tax rates	-	*17,564*
Total deferred tax	(151,291)	*12,318*
Taxation on (loss)/profit on ordinary activities	(347,814)	*12,688*

Factors affecting tax charge for the period

The tax assessed for the period is higher than *(2020 - higher than)* the standard rate of corporation tax in the UK of 19% *(2020 - 19%)*. The differences are explained below:

	2021 £	2020 £
(Loss)/profit on ordinary activities before tax	(10,215,161)	*17,898*
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(1,940,881)	*3,403*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,706,229	*3,157*
Capital allowances for period in excess of depreciation	-	*22,472*
Additional deduction for land remediation expenditure	(596)	*(2,921)*
Deferred tax not recognised	-	*(9,933)*
Adjustments to tax charge in respect of prior periods	(196,523)	*(13,128)*
Under/(over) provided in prior years (deferred tax)	-	*9,002*
Adjust closing deferred tax to average rate	-	*(84,100)*
Adjust opening deferred tax to average rate	83,957	*84,736*
Total tax charge for the period	(347,814)	*12,688*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 24 JANUARY 2021

11. Taxation (continued)

Factors that may affect future tax charges

An increase in the UK corporate tax rate from 19% to 25% was announced in the 2021 budget, this is scheduled to take effect from April 2023. The rate for small profits under £50,000 will remain at 19%, and there will be taper relief for businesses with profits between £50,000 and £250,000. Since the proposal to increase the rate to 25% has not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

Unrecognised deferred taxation

The group has £1,262,117 of trading losses and £146,202 of capital losses c/fwd. Given economic uncertainty a deferred tax asset of £267,000 has not been recognised relating to these losses.

12. Exceptional expenses

	2021	*2020*
	£	*£*
Fixed asset write off (see note 3)	**7,253,860**	*250,000*
Provision for unpaid rental invoices	**960,367**	-
Other exceptional costs on liquidation of subsidiary companies	**27,479**	-
	8,241,706	*250,000*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 24 JANUARY 2021

13. Tangible fixed assets

Group

	Land and Building £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost or valuation				
At 27 January 2020	**33,847,246**	**3,484,903**	**3,200,291**	**40,532,440**
Additions	**343,726**	**1,189,880**	**472,212**	**2,005,818**
Disposals	**(4,894,031)**	**(986,402)**	**(1,464,250)**	**(7,344,683)**
Transfers between classes	**22,729**	**(1,173,985)**	**1,151,256**	**-**
At 24 January 2021	**29,319,670**	**2,514,396**	**3,359,509**	**35,193,575**
Depreciation				
At 27 January 2020	**2,384,364**	**3,139,200**	**1,469,833**	**6,993,397**
Charge for the period on owned assets	**91,611**	**110,810**	**294,421**	**496,842**
Disposals	**(162,476)**	**(958,072)**	**(1,360,329)**	**(2,480,877)**
Transfers between classes	**(873)**	**(1,667,517)**	**1,668,390**	**-**
Impairment charge	**7,253,860**	**-**	**-**	**7,253,860**
At 24 January 2021	**9,566,486**	**624,421**	**2,072,315**	**12,263,222**
Net book value				
At 24 January 2021	**19,753,184**	**1,889,975**	**1,287,194**	**22,930,353**
At 26 January 2020	*31,462,882*	*345,703*	*1,730,458*	*33,539,043*

The directors have taken a prudent approach in impairing their Hotel Assets to reflect the impact of the global pandemic on the UK economy, and namely its impact on the UK leisure & hospitality sector and property markets. Note 3 provides an overview of the basis of the impairment charge adopted. The Directors note that the external valuation obtained as part of the bank refinance would give rise to an additional £8.7m of impairment. However, they do not believe that this level of impairment would provide a true and fair view.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 24 JANUARY 2021

13. Tangible fixed assets (continued)

Company

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation				
At 27 January 2020	**30,951,458**	**2,966,200**	**2,267,162**	**36,184,820**
Additions	**342,898**	**1,183,570**	**461,528**	**1,987,996**
Disposals	**(4,894,031)**	**(951,147)**	**(1,394,537)**	**(7,239,715)**
Transfers between classes	**22,729**	**(1,265,377)**	**1,242,648**	**-**
At 24 January 2021	**26,423,054**	**1,933,246**	**2,576,801**	**30,933,101**
Depreciation				
At 27 January 2020	**742,872**	**2,941,541**	**714,681**	**4,399,094**
Charge for the period on owned assets	**49,062**	**77,724**	**232,321**	**359,107**
Disposals	**(162,476)**	**(951,147)**	**(1,314,029)**	**(2,427,652)**
Transfers between classes	**(873)**	**(1,667,517)**	**1,668,390**	**-**
Impairment charge	**7,253,860**	**-**	**-**	**7,253,860**
At 24 January 2021	**7,882,445**	**400,601**	**1,301,363**	**9,584,409**
Net book value				
At 24 January 2021	**18,540,609**	**1,532,645**	**1,275,438**	**21,348,692**
At 26 January 2020	*30,208,586*	*24,659*	*1,552,481*	*31,785,726*

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 24 JANUARY 2021**

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 27 January 2020	**3**
Amounts written off	**(2)**
At 24 January 2021	**1**

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Crown & Mitre (Carlisle) Limited	c/o Thrings LLP, St Andrew Street, London, EC4A 3AG	Ordinary	100%
Strathdon (Nottingham) Limited	c/o Armstrong Watson LLP, Third Floor, 10 South Parade, Leeds, LS1 5QS	Ordinary	100%
King Malcolm (Dunfermline) Limited	c/o Armstrong Watson LLP, Third Floor, 10 South Parade, Leeds, LS1 5QS	Ordinary	100%

The aggregate of the share capital and reserves as at 24 January 2021 and the profit or loss for the period ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Crown & Mitre (Carlisle) Limited	**2,380,849**	**(274,387)**
Strathdon (Nottingham) Limited	**-**	**-**
King Malcolm (Dunfermline) Limited	**-**	**-**

For further details on Strathdon (Nottingham) Limited and King Malcolm (Dunfermline) Limited see note 23.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 24 JANUARY 2021

15. Stocks

	Group 24 January 2021 £	*Group 26 January 2020 £*	Company 24 January 2021 £	*Company 26 January 2020 £*
Finished goods and goods for resale	**47,739**	*111,232*	**41,352**	*82,015*
	47,739	*111,232*	**41,352**	*82,015*

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

16. Debtors

	Group 24 January 2021 £	*Group 26 January 2020 £*	Company 24 January 2021 £	*Company 26 January 2020 £*
Trade debtors	**1,472**	*236,074*	**1,670**	*200,916*
Other debtors	**259,242**	-	**176,896**	-
Prepayments and accrued income	**570,550**	*918,694*	**507,095**	*715,422*
	831,264	*1,154,768*	**685,661**	*916,338*

17. Cash and cash equivalents

	Group 24 January 2021 £	*Group 26 January 2020 £*	Company 24 January 2021 £	*Company 26 January 2020 £*
Cash at bank and in hand	**725,227**	*311,097*	**720,792**	*295,067*
	725,227	*311,097*	**720,792**	*295,067*

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 24 JANUARY 2021**

18. Creditors: Amounts falling due within one year

	Group 24 January 2021 £	*Group 26 January 2020 £*	**Company 24 January 2021 £**	*Company 26 January 2020 £*
Bank loans	**875,000**	*8,828,849*	**875,000**	*8,828,849*
Trade creditors	**660,520**	*1,147,273*	**625,610**	*866,485*
Amounts owed to group undertakings	**-**	*-*	**832,287**	*1,010,168*
Corporation tax	**-**	*5,393*	**-**	*21,542*
Other taxation and social security	**328,333**	*311,807*	**330,266**	*284,028*
Accruals and deferred income	**1,405,090**	*814,109*	**1,309,414**	*792,819*
	3,268,943	*11,107,431*	**3,972,577**	*11,803,891*

The following liabilities were secured:

	Group 24 January 2021 £	*Group 26 January 2020 £*	**Company 24 January 2021 £**	*Company 26 January 2020 £*
Bank loans	**500,000**	*8,828,849*	**500,000**	*8,828,849*
	500,000	*8,828,849*	**500,000**	*8,828,849*

Details of security provided:

The bank loan is secured by a debenture over all the assets of the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 24 JANUARY 2021

19. Creditors: Amounts falling due after more than one year

	Group 24 January 2021 £	*Group 26 January 2020 £*	**Company 24 January 2021 £**	*Company 26 January 2020 £*
Bank loans	**7,275,569**	-	**7,275,569**	-
	7,275,569	-	**7,275,569**	-

The following liabilities were secured:

	Group 24 January 2021 £	*Group 26 January 2020 £*	**Company 24 January 2021 £**	*Company 26 January 2020 £*
Bank loans	**5,150,569**	-	**5,150,569**	-
	5,150,569	-	**5,150,569**	-

Details of security provided:

The bank loan is secured by a debenture over all the assets of the Group.

The aggregate amount of liabilities repayable wholly or in part more than five years after the balance sheet date is:

	Group 24 January 2021 £	*Group 26 January 2020 £*	**Company 24 January 2021 £**	*Company 26 January 2020 £*
Repayable by instalments	**3,275,569**	-	**3,275,569**	-
	3,275,569	-	**3,275,569**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 24 JANUARY 2021

20. Loans

	Group 24 January 2021 £	*Group 26 January 2020 £*	**Company 24 January 2021 £**	*Company 26 January 2020 £*
Amounts falling due within one year				
Bank loans	**875,000**	*8,828,849*	**875,000**	*8,828,849*
Amounts falling due 1-2 years				
Bank loans	**1,000,000**	-	**1,000,000**	-
Amounts falling due 2-5 years				
Bank loans	**3,000,000**	-	**3,000,000**	-
Amounts falling due after more than 5 years				
Bank loans	**3,275,569**	-	**3,275,569**	-
	8,150,569	*8,828,849*	**8,150,569**	*8,828,849*

21. Financial instruments

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- interest rate risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer, or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, investment securities and cash holdings.

Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

The Group establishes an allowance for impairment that represents its estimate of losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Interest rate risk
Given the current market expectations as to the movement in LIBOR, in the short to medium term, it is not the Group's intention to enter into any financial instruments to manage its interest rate risk. This policy will be kept under regular review. The Group is not materially exposed to changes in interest rates at 24 January 2021.

Currency risk
The Group has no material foreign currency risk.

Fair values of non-derivative financial instruments
The carrying value of the Group's financial instruments (trade and other receivables, cash and bank balances, bank overdrafts, trade and other payables and borrowings) approximate to their fair value.

Market rate risk
The Group was exposed to market rate risk through exposure to three month LIBOR.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 24 JANUARY 2021

22. Deferred taxation

Group

	2021 £
At beginning of year	**714,845**
Credit to profit or loss	**(151,291)**
At end of year	**563,554**

Company

	2021 £
At beginning of year	**690,265**
Credit to profit or loss	**(94,890)**
At end of year	**595,375**

	Group 24 January 2021 £	*Group 26 January 2020 £*	**Company 24 January 2021 £**	*Company 26 January 2020 £*
Accelerated capital allowances	**563,554**	*714,845*	**595,375**	*690,265*
	563,554	*714,845*	**595,375**	*690,265*

23. Share capital

	24 January 2021 £	*26 January 2020 £*
Allotted, called up and fully paid		
1,401,213 *(2020 - 1,401,213)* Ordinary shares shares of £1.00 each	**1,401,213**	*1,401,213*

NOTES TO THE FINANCIAL STATEMENTS
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24. Discontinued operations

On1 December 2020 a special resolution was passed by the members to wind up Strathdon (Nottingham) Limited and King Malcolm (Dunfermline) Limited. The impact of the liquidation of the companies is included in these financial statements. During the year, the Group also disposed of the Cosmopolitan Hotel, the results in relation to this hotel are included within discontinued operations.

		£
Cash proceeds		**4,192,440**
Net assets disposed of:		
Tangible fixed assets	**4,863,805**	
Stocks	**6,735**	
Debtors	**42,395**	
Cash	**(5,437)**	
Creditors	**(4,531,688)**	
		(375,810)
Profit on disposal before tax		**3,816,630**

The net inflow of cash in respect of the sale of the Cosmopolitan Hotel is as follows:

	£
Cash consideration	**4,192,440**
Net inflow of cash	**4,192,440**

25. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £105,327 (2020 - £51,319) . Contributions totalling £6,365 (2020 - £5,404) were payable to the fund at the reporting date and are included in creditors.

26. Commitments under operating leases

At 24 January 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 24 January 2021 £	*Group 26 January 2020 £*	**Company 24 January 2021 £**	*Company 26 January 2020 £*
Not later than 1 year	**557,919**	*1,052,636*	**330,951**	*329,654*
Later than 1 year and not later than 5 years	**1,319,397**	*3,307,560*	**520,089**	*224,424*
Later than 5 years	**4,351,032**	*23,504,313*	**3,376,032**	*3,481,533*
	6,228,348	*27,864,509*	**4,227,072**	*4,035,611*

The leases over land and buildings have rent review clauses within them for rentals to be amended to market rent every 5-10 years.

27. Related party transactions

During the year insurance premiums of £245,236 (2020 - £185,963) were paid to T L Dallas & Co Ltd in which Robert Peel is a shareholder. At the year end there was a balance due to the company of £35,985 (2020 - £223,278 due from the company).

The Group pays rent on the London property used as its Head Office, which is owned by Robert Peel. The passing rent is £41,933 per annum.

The company has taken advantage of exemption contained within Section 33 of FRS102 "Related Party Disclosures" from disclosing transactions with entities which are part of the group, since 100% of the voting rights in the company are controlled within the group and the company is included within the group accounts which are publicly available.