Registered number: 04725421

FIRMDALE PROPERTY INVESTMENTS LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2014

REGISTRAR
OF COMPANIES

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FIRMDALE PROPERTY INVESTMENTS LIMITED

COMPANY INFORMATION

DIRECTOR	T. J. R. Kemp
COMPANY SECRETARY	M. T. Soden
REGISTERED NUMBER	04725421
REGISTERED OFFICE	21 Golden Square London W1F 9JN
INDEPENDENT AUDITOR	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditor New Bridge Street House 30-34 New Bridge Street London EC4V 6BJ
BANKERS	Barclays Bank Plc 1 Churchill Place London E14 5HP

STRATEGIC REPORT
FOR THE YEAR ENDED 31 JANUARY 2014

The director presents his report and the financial statements for the year ended 31 January 2014.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is to own premises which other members of the group use for the purposes of their trading activities.

The company has a freehold interest in The Charlotte Street Hotel and long leasehold interests in The Covent Garden Hotel, The Haymarket Hotel and Number 16 Hotel. The Covent Garden rent represents some 92% of the total payable and is reviewed in proportion to Retail Price Index increases every five years subject to a minimum of 3% pa.

All the hotels are managed and operated by Firmdale Hotels PLC, a fellow group company, by virtue of long occupational leases with annual increases based on the rise in the Retail Price Index but subject to a collar of between 2.5% and 5% in most cases. The lease rentals were set at market rates at inception on the advice of Jones Lang LaSalle and the hotel trading has been very robust despite the difficult economic environment.

The director is pleased with the company's performance in the year, in light of group trading.

The director considers that the financial key performance indicators pertinent to the company are that the ratio of loans to fixed asset value is just 44.5%, and that interest cover is a comfortable 1.66 times.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal financial risks faced by the company, and the company's objectives and policies in relation to those risks, are as follows:

Cash flow risk
The finance department closely manages the company's cash flow. Detailed cash flow forecasts are regularly prepared with the objective of alerting the directors to potential future risks. It is the company's policy to ensure that forecast funding requirements can be met with available committed facilities.

Credit risk
Credit risk is the financial exposure generated by the potential default of third parties in fulfilling their obligations. Credit risk arises for the company if it is unable to recover sums due from clients and it is mitigated by setting maximum levels of credit tolerance for more significant clients.

Interest rate risk
The company's interest rate policy has the objective of minimising net interest expense and protection from material adverse movements in interest rates. The company hedged its principal loans in 2007 for a period of 20 years with a 10 year break clause to mitigate interest rate risk.

This report was approved by the board on 26 August 2014 and signed on its behalf.

M. T. Soden
Secretary

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 JANUARY 2014

The director presents his report and the financial statements for the year ended 31 January 2014.

DIRECTOR'S RESPONSIBILITIES STATEMENT

The director is responsible for preparing the Strategic report, the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RESULTS

The loss for the year, after taxation, amounted to £412,540 *(2013 - loss £368,517)*.

DIRECTOR

The director who served during the year was:

T. J. R. Kemp

DIRECTOR'S QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company has maintained qualifying directors and officers insurance throughout the financial year and to the date of this report.

DISCLOSURE OF INFORMATION TO AUDITOR

The director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware, and
- he 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's auditor is aware of that information.

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 JANUARY 2014

AUDITOR

MHA MacIntyre Hudson is deemed to be re-appointed under section 487(2) of the Companies Act 2006.

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

M. T. Soden
Secretary

Date: 26 August 2014

21 Golden Square
London
W1F 9JN

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FIRMDALE PROPERTY INVESTMENTS LIMITED

We have audited the financial statements of Firmdale Property Investments Limited for the year ended 31 January 2014, which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITOR

As explained more fully in the Director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Director's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2014 and of its results for the year 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic report and the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FIRMDALE PROPERTY INVESTMENTS LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Christopher Sutton FCA (Senior statutory auditor)

for and on behalf of
MHA MacIntyre Hudson

Chartered Accountants & Statutory Auditor

New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ
Date: 26 August 2014

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2014

	Note	2014 £	2013 £
TURNOVER	1,2	**7,314,115**	*7,091,933*
Cost of sales		**(1,516,868)**	*(1,519,068)*
GROSS PROFIT		**5,797,247**	*5,572,865*
Administrative expenses		**(2,865,000)**	*(2,798,480)*
OPERATING PROFIT	3	**2,932,247**	*2,774,385*
Interest receivable and similar income		**13**	*6*
Interest payable and similar charges	5	**(3,488,260)**	*(3,472,149)*
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(556,000)**	*(697,758)*
Tax on loss on ordinary activities	6	**143,460**	*329,241*
LOSS FOR THE FINANCIAL YEAR	11	**(412,540)**	*(368,517)*

All amounts relate to continuing operations.

The notes on pages 9 to 17 form part of these financial statements.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 JANUARY 2014

	Note	2014 £	2013 £
LOSS FOR THE FINANCIAL YEAR		**(412,540)**	*(368,517)*
Unrealised surplus on revaluation of tangible fixed assets		**20,206,817**	*4,410,737*
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		**19,794,277**	*4,042,220*

NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 31 JANUARY 2014

	2014 £	2013 £
REPORTED LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	**(556,000)**	*(697,758)*
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	**108,655**	*101,443*
HISTORICAL COST LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	**(447,345)**	*(596,315)*
HISTORICAL LOSS FOR THE YEAR AFTER TAXATION	**(447,345)**	*(267,074)*

The notes on pages 9 to 17 form part of these financial statements.

FIRMDALE PROPERTY INVESTMENTS LIMITED
REGISTERED NUMBER: 04725421

BALANCE SHEET
AS AT 31 JANUARY 2014

	Note	£	2014 £	£	*2013* *£*
FIXED ASSETS					
Tangible assets	7		**120,995,000**		*103,200,000*
CREDITORS: amounts falling due within one year	8		**(10,128,907)**		*(11,984,724)*
TOTAL ASSETS LESS CURRENT LIABILITIES			**110,866,093**		*91,215,276*
CREDITORS: amounts falling due after more than one year	9		**(53,875,000)**		*(53,875,000)*
PROVISIONS FOR LIABILITIES					
Deferred tax	15		**(127,385)**		*(270,845)*
NET ASSETS			**56,863,708**		*37,069,431*
CAPITAL AND RESERVES					
Called up share capital	10		**1**		*1*
Revaluation reserve	11		**40,803,610**		*20,705,448*
Profit and loss account	11		**16,060,097**		*16,363,982*
SHAREHOLDERS' FUNDS	12		**56,863,708**		*37,069,431*

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

T. J. R. Kemp
Director

Date: 26 August 2014

The notes on pages 9 to 17 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and in accordance with applicable accounting standards.

1.2 Cash flow statement

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Turnover

Rental income from property leased out under an operating lease is recognised on a straight-line basis over the term of the lease.

1.4 Tangible fixed assets and depreciation

Fixed assets include properties professionally valued by Chartered Surveyors on an existing use value. Other fixed assets are stated at historical cost.

Depreciation is calculated so as to write off the cost or revaluation of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold property	-	50 years straight line with an 80% residual value
Leasehold property	-	Over remaining lease term
Fixtures and fittings	-	20% per annum on cost

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

1.5 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risk of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

1. ACCOUNTING POLICIES (continued)

1.6 *Deferred taxation*

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.7 Interest rate swaps

The company uses interest rate swaps to adjust interest rate exposures.

The company's criteria for interest rate swaps are:

- the instrument must be related to an asset or a liability; and

- it must change the character of the interest rate by converting a variable rate to a fixed rate or vice versa.

Interest differentials are recognised by accruing with net interest payable. Interest rate swaps are not revalued to fair value or shown on the group balance sheet at the year end.

1.8 Financial Instruments

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

1. ACCOUNTING POLICIES (continued)

1.9 Going concern

The company meets its working capital requirements through funding from group companies. These companies have confirmed their intention to provide continuing support. As such, the director considers it appropriate to prepare the accounts on a going concern basis.

2. TURNOVER

The whole of the turnover is attributable to the one principal activity of the company.

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

The operating profit is stated after charging:

	2014 £	*2013 £*
Depreciation of tangible fixed assets:		
- owned by the company	**2,858,476**	*2,761,929*
Auditor's remuneration	**6,500**	*6,500*
Operating lease payments - Land and buildings	**1,516,868**	*1,519,066*

4. STAFF COSTS

The company has no employees other than the director, who did not receive any remuneration *(2013 - £NIL)*.

5. INTEREST PAYABLE

	2014 £	*2013 £*
On bank loans and overdrafts	**3,488,260**	*3,472,149*

6. TAXATION

	2014 £	*2013 £*
Analysis of tax charge in the year		
Deferred tax (see note 15)		
Origination and reversal of timing differences	**(143,460)**	*(329,241)*
Tax on loss on ordinary activities	**(143,460)**	*(329,241)*

6. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2013 - lower than)* the standard rate of corporation tax in the UK of 23.17% *(2013 - 24.17%)*. The differences are explained below:

	2014 £	*2013* *£*
Loss on ordinary activities before tax	**(556,000)**	*(697,758)*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.17% *(2013 - 24.17%)*	**(128,825)**	*(168,627)*
Effects of:		
Depreciation for year in excess of capital allowances	**502,171**	*480,462*
Group relief	**(373,346)**	*(311,835)*
Current tax charge for the year (see note above)	-	-

Factors that may affect future tax charges

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided for is estimated at £16 million (2013 - £13 million). At present it is not envisaged that any tax will become payable in the foreseeable future.

7. TANGIBLE FIXED ASSETS

	Freehold Property £	S/Term Leasehold Property £	L/Term Leasehold Property £	Total £
Cost or valuation				
At 1 February 2013	**40,500,000**	**14,200,000**	**48,500,000**	**103,200,000**
Additions	**123,045**	**203,568**	**120,046**	**446,659**
Revaluation surplus/(deficit)	**(1,358,045)**	**10,866,432**	**7,839,954**	**17,348,341**
At 31 January 2014	**39,265,000**	**25,270,000**	**56,460,000**	**120,995,000**
Depreciation				
At 1 February 2013	**-**	**-**	**-**	**-**
Charge for the year	**570,164**	**1,459,500**	**828,812**	**2,858,476**
On revalued assets	**(570,164)**	**(1,459,500)**	**(828,812)**	**(2,858,476)**
At 31 January 2014	**-**	**-**	**-**	**-**
Net book value				
At 31 January 2014	**39,265,000**	**25,270,000**	**56,460,000**	**120,995,000**
At 31 January 2013	*40,500,000*	*14,200,000*	*48,500,000*	*103,200,000*

The freehold and leasehold properties were revalued by Jones Lang LaSalle, Chartered Surveyors, as at 31 January 2011 based on 'Market Value', the properties being valued with the benefit of the leases to a fellow group company. These valuations have been uplifted to recognise 'Existing Use Value'.

The valuations are net of assumed purchaser's costs, which are explicitly deducted at 5.80%, but make no allowance for expenses of sale.

The director, in consultation with Jones Lang LaSalle, has valued the company's freehold and leasehold property as at 31 January 2014 on an existing use basis.

If the freehold property had not been included at valuation it would have been included under the historical cost convention as follows:

	2014 £	*2013 £*
Cost	**36,198,580**	*36,075,535*
Accumulated depreciation	**(2,512,232)**	*(1,935,158)*
Net book value	**33,686,348**	*34,140,377*

7. TANGIBLE FIXED ASSETS (continued)

If the leasehold properties had not been included at valuation they would have been included under the historical cost convention as follows:

	2014	*2013*
	£	*£*
Cost	**57,457,098**	*57,133,484*
Accumulated depreciation	**(10,714,447)**	*(8,779,311)*
Net book value	**46,742,651**	*48,354,173*

8. CREDITORS:
Amounts falling due within one year

	2014	*2013*
	£	*£*
Amounts owed to group undertakings	**8,705,328**	*10,593,527*
Other taxation and social security	**291,298**	*280,266*
Accruals and deferred income	**1,132,281**	*1,110,931*
	10,128,907	*11,984,724*

9. CREDITORS:
Amounts falling due after more than one year

	2014	*2013*
	£	*£*
Bank loans	**53,875,000**	*53,875,000*

Included within the above are amounts falling due as follows:

	2014	*2013*
	£	*£*
Between one and two years		
Bank loans	**53,875,000**	-
Between two and five years		
Bank loans	**-**	*53,875,000*

The bank loan due after more than one year is secured by legal charges over the freehold and leasehold properties of the group. In addition, they are secured by fixed and floating charges over the book debts and other assets of the group.

10. SHARE CAPITAL

	2014 £	2013 £
Allotted, called up and fully paid		
1 Ordinary share of £1	**1**	*1*

11. RESERVES

	Revaluation reserve £	Profit and loss account £
At 1 February 2013	**20,705,448**	**16,363,982**
Loss for the financial year		**(412,540)**
Surplus on revaluation of freehold property	**20,206,817**	
Transfer between Revaluation reserve and Profit and loss account	**(108,655)**	**108,655**
At 31 January 2014	**40,803,610**	**16,060,097**

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
Opening shareholders' funds	**37,069,431**	*33,027,211*
Loss for the financial year	**(412,540)**	*(368,517)*
Other recognised gains and losses during the year	**20,206,817**	*4,410,737*
Closing shareholders' funds	**56,863,708**	*37,069,431*

13. OPERATING LEASE COMMITMENTS

At 31 January 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2014 £	2013 £
Expiry date:		
After more than 5 years	**1,518,226**	*1,518,226*

14. FINANCIAL INSTRUMENTS

Analysis by year of repayment

	2014 £	2013 £
From two to five years	-	*53,875,000*
From one to two years	**53,875,000**	-
Due within one year	**500,000**	-
Due after more than one year	**53,375,000**	*53,875,000*
Net borrowings/(cash)	**53,875,000**	*53,875,000*

Bank loans and overdrafts include	**Year end interest**	**2014 £**	*2013 £*
Barclays Bank Plc			
Floating rate loan Repayable by quarterly instalments of £250,000 beginning in January 2015 and final balloon payment of £53,125,000 on 13 October 2015	**LIBOR + 1.5%**	**53,875,000**	*53,875,000*
		53,875,000	*53,875,000*

The company has entered into a hedging agreement with a counterparty in respect of interest payable on the above loans. The result is a net base rate before margin of 4.42% per annum. There is a contingent liability on a mark to market basis under the hedging contract of £12.2m, which the company is challenging on the basis that the hedging contract should be set aside.

15. DEFERRED TAXATION

	2014 £	*2013 £*
At beginning of year	**270,845**	*600,086*
Released during year (P&L)	**(143,460)**	*(329,241)*
At end of year	**127,385**	*270,845*

The provision for deferred taxation is made up as follows:

	2014 £	*2013 £*
Excess of taxation allowances over depreciation on fixed assets	**127,385**	*270,845*

16. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS 8 concerning related party transactions by virtue of its status as a 100% owned subsidiary of a parent whose consolidated accounts are made publicly available.

17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent and controlling company is Firmdale Holdings Limited, a company registered in England and Wales, the consolidated accounts of which are available from the Registrar of Companies.

In the opinion of the director, the Trustee of Kemp Family Foundation is the ultimate controlling party.