

Firmdale Property Investments Limited

Annual Report and Financial Statements

Year Ended

31 January 2018

Company Number 04725421

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Firmdale Property Investments Limited

Company Information

Directors	J K Kemp T J R Kemp
Company secretary	M T Soden
Registered number	04725421
Registered office	21 Golden Square London W1F 9JN
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

Firmdale Property Investments Limited

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Firmdale Property Investments Limited

Strategic Report for the Year Ended 31 January 2018

Introduction

The directors present their report and the audited financial statements of the company for the year ended 31 January 2018.

Business review

The company has a freehold interest in the Charlotte Street Hotel and long leasehold interests in the Covent Garden Hotel and the Haymarket Hotel. All three hotels are managed by Firmdale Hotels Plc, a fellow group company.

On 27 November 2014 the company refinanced its existing debt with Barclays by taking a 10 year, non-amortising loan from Standard Life Investments Limited. The interest rate payable on the new loan is fixed at 4.223% throughout the term.

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.

Interest rate risk

The company's interest rate policy has the twin objectives of minimising net interest expense whilst providing protection from material adverse movement in interest rates. The company has fixed its interest charge obligations for ten years from 27 November 2014.

Currency risk

The company faces minimal currency risks as it operates wholly in the UK.

Future developments

The company is seeking further development opportunities in London but at present there are no specific projects secured.

Firmdale Property Investments Limited

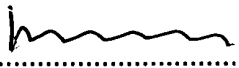
Strategic Report (continued) for the Year Ended 31 January 2018

Financial key performance indicators

The company's three hotels managed by Firmdale Hotels Plc has aggregated revenues of £34.3m (2017 - £34.1m) for the full financial year.

The three hotels operated at an excellent combined average occupancy of 91.1% and an average room rate of £370. This represented a rooms yield growth of 4.5% over prior year.

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


.....
T J R Kemp
Director

Date: 11 July 2018

Firmdale Property Investments Limited

Directors' Report for the Year Ended 31 January 2018

The directors present their report and the financial statements for the year ended 31 January 2018.

Directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern

After performing their assessment and making appropriate enquiries, the directors have a reasonable expectation that the company will remain a going concern for the foreseeable future and accordingly, the financial statements have been prepared on a going concern basis. The results and conclusions of the going concern assessment are described in more detail in note 2 of the financial statements.

Principal activity

The principal activity of the company is that of a luxury hotel property owner.

Results and dividends

The profit for the year, after taxation, amounted to £4,247,000 (2017 - £587,000).

The directors do not recommend the payment of a dividend (2017 - £NIL).

Directors

The directors who served during the year were:

J K Kemp
T J R Kemp

Firmdale Property Investments Limited

Directors' Report (continued) for the Year Ended 31 January 2018

Financial instruments

The company has established a risk and financial management framework whose primary objectives are to protect the company from events that hinder the achievement of the company's performance objectives.

The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level.

Further detail in respect of the company's exposure to risks such as cash flow and liquidity risk has been provided in the strategic report on pages 1 - 2.

Employee involvement

Good communication with employees is considered by the directors to be essential to the success of the company. Every effort is made to keep all employees informed as to significant developments within the company.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

Directors' 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.

Matters covered in the strategic report

As permitted by paragraph 1A of schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on pages 1 - 2.

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'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's auditor is aware of that information.

Events after the end of the reporting period

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

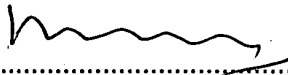
Firmdale Property Investments Limited

Directors' Report (continued) for the Year Ended 31 January 2018

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



.....
T J R Kemp
Director

Date: 11 July 2018

Firmdale Property Investments Limited

Independent Auditor's Report to the Members of Firmdale Property Investments Limited

Opinion

We have audited the financial statements of Firmdale Property Investments Limited ("the company") for the year ended 31 January 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, 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 company's affairs as at 31 January 2018 and of its profit 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.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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. 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.

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

We have nothing to report in this regard.

Firmdale Property Investments Limited

Independent Auditor's Report to the Members of Firmdale Property Investments Limited (continued)

Opinions 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 strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and director's 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, 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 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Firmdale Property Investments Limited

Independent Auditor's Report to the Members of Firmdale Property Investments 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 financial statements.

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

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.

BDO LLP

Stuart Collins (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date: 11 July 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Firmdale Property Investments Limited

Statement of Comprehensive Income for the Year Ended 31 January 2018

	Note	2018 £000	2017 £000
Turnover	4	34,314	34,074
Cost of sales		(23,169)	(22,375)
Gross profit		11,145	11,699
Administrative expenses		(10,108)	(8,063)
Other operating income	5	6,266	-
Operating profit	6	7,303	3,636
Interest payable and similar charges	8	(3,187)	(3,142)
Profit before tax		4,116	494
Tax on profit	9	131	93
Profit for the financial year		4,247	587
Surplus on revaluation of freehold property		238	4,535
Surplus on revaluation of leasehold property		1,337	2,698
Deferred tax credit/(charge) on revalued freehold property		67	(152)
Deferred tax credit on revalued leasehold property		200	499
Other comprehensive income for the year		1,842	7,580
Total comprehensive income for the year		6,089	8,167

All amounts relate to continuing operations.

The notes on pages 12 to 23 form part of these financial statements.

Firmdale Property Investments Limited

Registered number: 04725421

Statement of Financial Position as at 31 January 2018

	Note	2018 £000	2017 £000
Fixed assets			
Tangible fixed assets	10	157,200	157,200
Current assets			
Stocks	11	206	196
Debtors	12	6,580	19,506
Cash and cash equivalents	13	1,302	929
		<u>8,088</u>	<u>20,631</u>
Creditors: amounts falling due within one year	14	<u>(42,504)</u>	<u>(60,792)</u>
Net current liabilities		(34,416)	(40,161)
Total assets less current liabilities		122,784	117,039
Creditors: amounts falling due after more than one year	15	(73,891)	(73,837)
Provisions for liabilities			
Deferred tax	17	(17,520)	(17,918)
Net assets		31,373	25,284
Capital and reserves			
Called up share capital	18	-	-
Revaluation reserve	19	20,060	18,122
Profit and loss account	19	11,313	7,162
		<u>31,373</u>	<u>25,284</u>

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: 11 July 2018

The notes on pages 12 to 23 form part of these financial statements.

Firmdale Property Investments Limited

Statement of Changes in Equity for the Year Ended 31 January 2018

	Revaluation reserve £000	Profit and loss account £000	Total equity £000
At 1 February 2017	18,122	7,162	25,284
Comprehensive income for the year			
Profit for the year	-	4,247	4,247
Other comprehensive income for the year			
Surplus on revaluation of freehold property	238	-	238
Surplus on revaluation of leasehold property	1,337	-	1,337
Deferred tax charge on revalued freehold property	67	-	67
Deferred tax credit on revalued leasehold property	200	-	200
Total comprehensive income for the year	1,842	4,247	6,089
Transfer to/from profit and loss account	96	(96)	-
At 31 January 2018	20,060	11,313	31,373

Statement of Changes in Equity for the Year Ended 31 January 2017

	Revaluation reserve £000	Profit and loss account £000	Total equity £000
At 1 February 2016	10,686	6,431	17,117
Comprehensive income for the year			
Profit for the year	-	587	587
Other comprehensive income/(loss) for the year			
Surplus on revaluation of freehold property	4,535	-	4,535
Surplus on revaluation of leasehold property	2,698	-	2,698
Deferred tax charge on revalued freehold property	(152)	-	(152)
Deferred tax credit on revalued leasehold property	499	-	499
Total comprehensive income for the year	7,580	587	8,167
Transfer to/from profit and loss account	(144)	144	-
At 31 January 2017	18,122	7,162	25,284

The notes on pages 12 to 23 form part of these financial statements.

Firmdale Property Investments Limited

Notes to the Financial Statements for the Year Ended 31 January 2018

1. General information

Firmdale Property Investments Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and principal activity are set out in the directors' report.

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 management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Firmdale Holdings Limited as at 31 January 2018 and these financial statements may be obtained from the Registrar of Companies.

2.3 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 directors consider it appropriate to prepare the account on a going concern basis.

Firmdale Property Investments Limited

Notes to the Financial Statements for the Year Ended 31 January 2018

2. Accounting policies (continued)

2.4 Revenue

Revenue represents amounts receivable for accommodation, food and beverage sales and ancillary hotel services provided in the normal course of business.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company 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:

Deposits which have been received at the reporting date for which services have not yet been provided are included in accruals and deferred income within creditors.

2.5 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.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Freehold property	- 50 years straight line
Long-term leasehold property	- Over the lease term / 15% per annum on cost

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 the statement of comprehensive income.

2.6 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at fair value less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the statement of comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

Firmdale Property Investments Limited

Notes to the Financial Statements for the Year Ended 31 January 2018

2. Accounting policies (continued)

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell making due allowance for obsolete and slow-moving stock. Cost is based on the cost of purchase on a first in, first out basis.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment unless the arrangement constitutes a financing transaction.

Where the arrangement constitutes a financing transaction, the debtor is initially measured at the present value of future cash receipts discounted at the market rate of interest and subsequently at amortised cost.

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.

2.9 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.

2.10 Creditors

Short term creditors are measured at the transaction price unless the arrangement constitutes a financing transactions.

Where an arrangement constitutes a financing transaction the creditor is initially measured at the present value of future payments discounted at a market rate of interest and subsequently at amortised cost.

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.

2.11 Operating leases: Lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

2.12 Pensions

Defined contribution pension plan

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 comprehensive income 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.

Firmdale Property Investments Limited

Notes to the Financial Statements for the Year Ended 31 January 2018

2. Accounting policies (continued)

2.13 Holiday pay adjustment

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

To the extent that the holiday pay adjustment gives rise to an asset balance at the reporting date the amount is reported in prepayments.

2.14 Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, 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 operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

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

The following judgements (including the key areas of estimation uncertainty) have had the most significant effect on amounts recognised in the financial statements:

Revaluation of tangible fixed assets

The company engaged independent valuation specialists to determine fair value of its leasehold and freehold properties at the end of the reporting period. Details of the key assumptions and techniques utilised by the valuer have been detailed in note 10.

Firmdale Property Investments Limited

Notes to the Financial Statements for the Year Ended 31 January 2018

4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £000	2017 £000
Operation of hotels	34,314	34,074

All turnover arose within the United Kingdom.

5. Other operating income

	2018 £000	2017 £000
Proceeds from settlement of claim	6,266	-

6. Operating profit

The operating profit is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets	1,854	1,709
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	8	8
Operating lease rentals	1,884	1,800
Cost of defined contribution scheme	53	49

During the year, no director received any emoluments (2017 - £NIL).

Firmdale Property Investments Limited

Notes to the Financial Statements for the Year Ended 31 January 2018

7. Employees

Staff costs were as follows:

	2018 £000	2017 £000
Wages and salaries	9,979	9,771
Social security costs	740	742
Cost of defined contribution scheme	53	49
	<u>10,772</u>	<u>10,562</u>

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

	2018 No.	2017 No.
Directors	2	2
Hotel staff	395	402
	<u>397</u>	<u>404</u>

8. Interest payable and similar charges

	2018 £000	2017 £000
On bank loans and overdrafts	<u>3,187</u>	<u>3,142</u>

Firmdale Property Investments Limited

Notes to the Financial Statements for the Year Ended 31 January 2018

9. Taxation

	2018 £000	2017 £000
Deferred tax		
Origination and reversal of timing differences	(39)	1,187
Adjustment in respect of prior periods	(92)	(276)
Effect of tax rate change on opening balance	-	(1,004)
Taxation on profit on ordinary activities	(131)	(93)

Factors affecting tax credit for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19.16% (2017 - 20.00%). The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	4,116	494
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.16% (2017 - 20.00%)	789	99
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	324	339
Income not taxable for tax purposes	(1,201)	-
Group relief	44	(442)
Prior year adjustments	(92)	(276)
Change in tax rate on opening deferred tax balance	5	187
Total tax credit for the year	(131)	(93)

Firmdale Property Investments Limited

Notes to the Financial Statements for the Year Ended 31 January 2018

10. Tangible fixed assets

	Freehold property £000	Long-term leasehold property £000	Total £000
Cost or valuation			
At 1 February 2017	73,000	84,200	157,200
Additions	46	233	279
Revaluations	(46)	(233)	(279)
At 31 January 2018	73,000	84,200	157,200
Charge for the year on owned assets	284	1,570	1,854
On revalued assets	(284)	(1,570)	(1,854)
At 31 January 2018	-	-	-
Net book value			
At 31 January 2018	73,000	84,200	157,200
At 31 January 2017	73,000	84,200	157,200

Standard Life Investment Limited holds a security agreement over freehold property, and fixed and floating charges over other assets held by the company. These charges form security for a loan facility provided to the company.

The freehold and leasehold properties were valued by Jones Lang LaSalle, Chartered Surveyors, an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and categories of the properties being valued, as at 31 January 2017, on the basis of fair value in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors. The valuer has reviewed the properties as at 31 January 2018 and concluded there has been no material change in value during the year.

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

	2018 £000	2017 £000
Cost	47,631	47,585
Accumulated depreciation	(3,629)	(3,447)
	44,002	44,138

Firmdale Property Investments Limited

Notes to the Financial Statements for the Year Ended 31 January 2018

10. 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:

	2018 £000	2017 £000
Cost	87,527	87,295
Accumulated depreciation	(15,367)	(13,614)
Net book value	72,160	73,681

11. Stocks

	2018 £000	2017 £000
Food and beverage stock	206	196

Stock recognised in cost of sales during the year as an expense were £2,680,000 (2017 - £2,728,000).

The replacement cost of stock was not materially different to the amount stated above.

12. Debtors

	2018 £000	2017 £000
Trade debtors	117	250
Amounts owed by group undertakings	5,806	18,328
Other debtors	657	928
	6,580	19,506

All amounts shown under debtors fall due for payment within one year.

Amounts owed by group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

13. Cash and cash equivalents

	2018 £000	2017 £000
Cash at bank and in hand	1,302	929

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Notes to the Financial Statements for the Year Ended 31 January 2018

14. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Amounts owed to group undertakings	41,738	59,772
Other taxation and social security	10	134
Other creditors	44	216
Accruals and deferred income	712	670
	<u>42,504</u>	<u>60,792</u>

Amounts owed to group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

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

	2018 £000	2017 £000
Bank loans (see note 16)	<u>73,891</u>	<u>73,837</u>

16. Loans

Analysis of the maturity of loans is given below:

	2018 £000	2017 £000
Amounts falling due after more than 5 years		
Bank loans	<u>73,891</u>	<u>73,837</u>

Secured loans

Included within loans due after more than five years is a fixed rate interest loan facility at 4.223% per annum. Interest only is paid until the termination of the loan on 26 November 2024, when the capital amount is to be repaid in full.

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

Firmdale Property Investments Limited

Notes to the Financial Statements for the Year Ended 31 January 2018

17. Deferred taxation

	2018 £000	2017 £000
At beginning of year	(17,918)	(18,358)
Credited to profit or loss	131	93
Credited to other comprehensive income	267	347
At end of year	(17,520)	(17,918)

The provision for deferred taxation is made up as follows:

	2018 £000	2017 £000
Accelerated capital allowances	748	617
Tax losses carried forward and other deductions	2,561	2,561
Capital gains	(20,829)	(21,096)
	(17,520)	(17,918)

18. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not cover any rights of redemption.

19. Reserves

Revaluation reserve

This reserve records the amount above the historic cost of tangible fixed assets. The amount of depreciation provided on book value which represents a surplus on valuation is transferred as a reserves movement to the profit and loss account.

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

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Notes to the Financial Statements for the Year Ended 31 January 2018

20. Pension commitments

The company operates a defined contribution scheme for employees. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge for the year represents contributions payable by the company to the funds and amounted to £53,000 (2017 - £49,000). Contributions totalling £NIL (2017 - £54,000) were payable to the fund at the reporting date.

21. Commitments under operating leases

At 31 January 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £000	2017 £000
Not later than 1 year	1,871	1,871
Later than 1 year and not later than 5 years	7,484	7,484
Later than 5 years	69,623	71,494
	<u>78,978</u>	<u>80,849</u>

22. Related party transactions

The company has taken advantage of the exemption available under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose transactions with other wholly owned members of the group.

23. Controlling party

The immediate parent and controlling company is Firmdale West End Limited, a company registered in England and Wales.

The ultimate parent company is Firmdale Holdings Limited, head of the ultimate group and a company registered in England and Wales. The consolidated accounts of this group, which is the smallest and largest to include the company, are available from the Registrar of Companies.

In the opinion of the directors, the Trustee of Kemp Family Foundation is the ultimate controlling party of the group and therefore of this entity.