

Chiltern Street Hotel Limited

Report and Financial Statements

Year Ended

31 December 2020

Company Number 07218870

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Chiltern Street Hotel Limited

Report and financial statements for the year ended 31 December 2020

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Directors

H Handelsman
L Hunt
A Balazs
P Deeming

Secretary and registered office

L Hunt, 5th Floor, Edison House, 223-231 Old Marylebone Road, London, NW1 5QT

Company number

07218870

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Chiltern Street Hotel Limited

Strategic report For the year ended 31 December 2020

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2020.

Principal activities

The company's principal activity is the operation of a hotel and restaurant at the Chiltern Firehouse.

Review of the business and Key Performance indicators

A summary of the results and key performance indicators for the year ended December 2020 and 2019 are as follows:

	2020 £000	2019 £000
Revenue	6,805	23,499
Gross margin (%)	(19%)	20%
EBITDA (£'000)	(1,300)	4,567
EBITDA margin (%)	(19%)	19%

The company achieved in the year ended 31 December 2020 a turnover of £6.8m, 71.0% below last year with an EBITDA of -£1.3 m compared to £4.6m in the prior year. The results reflect the fact that the hotel and restaurant were closed for the majority of the year as a result of Government imposed lockdowns due to the outbreak of COVID-19 in March 2020. The directors have taken steps to minimise the impact of this through cost saving measures, and taking advantage of Government support measures, such as business rates relief, furloughing of employees and VAT deferral for the period that these are available.

The company on a day to day basis uses an array of Key Performance Indicators ("KPI"s) both financial and strategic to measure performance in relation to our business objectives.

The directors evaluate and monitor Average Room rates, revenue per Room, Occupancy, and covers, spend per cover, margins and payroll.

The directors are satisfied with the results and view the future prospects of the hotel positively despite the ongoing challenges of the Covid-19 pandemic and Brexit. The hotel and restaurant have reopened in 2021 following the easing of the Government imposed restrictions.

Risks and uncertainties

The company's risks can be broadly defined as commercial and financial. Commercial risks are addressed as part of the day-to-day operations and management of the company. The primary risks facing the hotel industry is the continuing threat of terrorism, the economic and political uncertainty and the cyclical nature of hotel performance. The reliance of hotels on economic growth as well as consumer confidence also plays a role. In addition there is strong competition in the London hotel and restaurant sector. The company monitors key performance indicators such as guest service and complaints as part of the risk management process. The company thrives on providing excellent guest experience with a quality competitive menu enabling the company to satisfy guest needs.

The directors have considered the impact on the financial statements of market risk, currency risk, interest rate risk, credit risk, liquidity risk and Brexit. The directors believe that any adverse changes in the market to the parameters that determine the effects of these financial risks will not be expected to have a significant impact on the financial performance and position of the company. The directors continue to monitor the economic market for fluctuations which drive company decisions and policy. To date the directors believe that Brexit has had a negligible impact on its business and operations as its customer base is focused on the luxury consumer market.

Chiltern Street Hotel Limited
Strategic Report
For the year ended 31 December 2020 (continued)

Going concern

COVID-19 has had a significant impact on the global and UK economy. Whilst there appear to be signs of recovery with the opening up of businesses, and the economy, the directors recognise there is still uncertainty around the long term implications of the virus on businesses and have taken a cautious approach when preparing cash flow forecasts for the period of 12 months from the date of approval of these financial statements. These forecasts show that the Company is expected to be able to meet its operational liabilities as they fall due for the next 12 months. Whilst the Company is expected have sufficient trading to meet its operational liabilities, due to the closures of the group's hotel operation during the calendar year of 2021 and the pandemic's effect on the recovery of the hotel business, the covenants under the Parent Company's bank loan, for which the Company is guarantor, are currently non-compliant. The group are working with the lenders on resolving this with new documentation to be in place before the end of 2021.

The Parent Company's bank loan facility terminated in November 2021 at which time the lenders gave a short term extension to 31 December 2021. The Parent Company's directors are in discussions with the current lenders on a further two year extension of the loan which has been accepted and is currently in the process of being documented. The Directors are confident that the loan extension will be granted and therefore have prepared the financial statements on a going concern basis.

However as at the date of approval of these financial statements, the documentation has not been formally signed and entered into. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and therefore their ability to realise their assets and discharge their liabilities in the normal course of business. The Directors are confident that the loan extension will be granted and therefore have prepared the financial statements on a going concern basis.

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

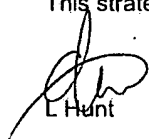
Future prospects

No significant future development outside of general fixtures and fittings and equipment and capex plans in order to maintain the brand standard and rating of the hotel.

Please see the Directors' report on page 3 for details of the Company's going concern status due to the effects of COVID-19.

Approval

This strategic report was approved by order of the Board on 22 December 2021



L. Hunt

Secretary

Chiltern Street Hotel Limited
Directors' report
for the year ended 31 December 2020

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

Results and dividends

The statement of comprehensive income is set out on page 9 and shows the profit for the year.

The company paid no dividends during the year (2019 - £Nil).

Principal activities

The principal activity of the company is to maintain and run the operations of a hotel and restaurant. The hotel is leased from its immediate parent company Chiltern Street Investments Limited.

Going concern

The company's balance sheet reflects a net liability position at the year end date of £6,554,801 (2019 - £3,564,507), included within which is a liability due over one year to its parent company totalling £11,963,027 (2019 - £12,190,328).

COVID-19 has had a significant impact on the global and UK economy. Whilst there appear to be signs of recovery with the opening up of businesses, and the economy, the directors recognise there is still uncertainty around the long term implications of the virus on businesses and have taken a cautious approach when preparing cash flow forecasts for the period of 12 months from the date of approval of these financial statements. These forecasts show that the Company is expected to be able to meet its operational liabilities as they fall due for the next 12 months. Whilst the Company is expected have sufficient trading to meet its operational liabilities, due to the closures of the group's hotel operation during the calendar year of 2021 and the pandemic's effect on the recovery of the hotel business, the covenants under the Parent Company's bank loan, for which the Company is guarantor, are currently non-compliant. The group are working with the lenders on resolving this with new documentation to be in place before the end of 2021.

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

Employees

It is the policy of the company to employ the most suitably qualified persons regardless of age, religion, gender, sexual orientation or ethnic origin or any other grounds not related to a person's ability to work safely and effectively for the company.

The company believes that the most successful companies are those that embrace inclusion, equality and diversity for their people by creating truly complementary teams. The company encourages the employment and career development of disabled persons and the continued employment of employees who may be injured or disabled in the course of their employment.

The company recognises the importance of ensuring that relevant business information is provided to employees.

Chiltern Street Hotel Limited
Directors' report
for the year ended 31 December 2020 (continued)

Directors

The directors of the company during and subsequent to the year were:

H Handelsman
A Balazs
L Hunt
P Deeming

Disclosures included in the Strategic Report

The company has elected to include information on future developments as per schedule 7 of the "large and medium sized companies and groups (Accounts and Reports) Regulation 2008" in the Strategic Report.

Qualifying third party indemnity provisions

The directors have qualifying third party indemnity provisions put in place through other companies of which they are also directors.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board


H Handelsman

Director

Date 22 December 2021

Chiltern Street Hotel Limited

**Directors' responsibilities statement
for the year ended 31 December 2020**

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 year.

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

- select suitable accounting policies 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 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 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.

Chiltern Street Hotel Limited

Independent auditor's report to the members of Chiltern Street Hotel Limited

Opinion on the 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 December 2020 and of its loss 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.

We have audited the financial statements of Chiltern Street Hotel Limited ("the Company") for the year ended 31 December 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Parent Company's bank loan, for which the company is guarantor, has expired in November 2021 and the extension has not yet been formally agreed. These events or conditions, along with other matters as set out in note 1, 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 directors are responsible for the other information. The other information comprises the information included in the report and financial statements, other than the financial statements and our auditor's report thereon. 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.

Chiltern Street Hotel Limited

Independent auditor's report (*continued*)

We have nothing to report in this regard.

Companies Act 2006 reporting

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

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

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 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, 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 Director's Responsibilities Statement, 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.

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.

Chiltern Street Hotel Limited

Independent auditor's report (*continued*)

Extent to which the audit was capable of detecting irregularities, including fraud

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:


- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience through discussion with the directors and other management (as required by auditing standards).
- We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) and taxation legislation. We considered that extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.
- With the exception of any known or possible non-compliance, and as required by auditing standards, our work in respect of these was limited to enquiry of the directors.
- We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.
- We addressed the risk of fraud through management override of controls, by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on 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.

DocuSigned by:

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Tim Neathercoat (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK

Date 22 December 2021

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

Chiltern Street Hotel Limited

**Statement of comprehensive income
for the year ended 31 December 2020**

	Note	2020 £	2019 £
Turnover	3	6,805,452	23,499,069
Cost of sales		(10,279,013)	(18,905,766)
Gross (loss)/profit		(3,473,561)	4,593,303
Administrative expenses		(1,770,556)	(1,559,980)
Other operating income	4	2,212,150	-
Operating (loss)/profit	7	(3,031,967)	3,033,323
Interest receivable		7,597	16,003
Interest payable and similar charges	8	(466,852)	(539,059)
(Loss)/profit on ordinary activities before taxation		(3,491,222)	2,510,267
Taxation	9	500,928	(489,192)
(Loss)/profit on ordinary activities after taxation		(2,990,294)	2,021,075
Total comprehensive income for the year		(2,990,294)	2,021,075

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior period are included in the statement of comprehensive income.

The notes on pages 13 to 21 form part of these financial statements.

Chiltern Street Hotel Limited

**Statement of financial position
at 31 December 2020**

Company number 07218870	Note	2020 £	2020 £	2019 £	2019 £
Non-current assets					
Tangible assets	10		5,913,820		6,749,262
Current assets					
Stock	11	288,007		503,189	
Debtors	12	780,859		1,519,630	
Cash at bank and in hand		784,885		3,692,806	
		<u>1,853,751</u>		<u>5,715,625</u>	
Creditors: amounts falling due within one year	13	<u>(2,359,345)</u>		<u>(3,839,066)</u>	
Net current assets			<u>(505,594)</u>		<u>1,876,559</u>
Creditors: amounts falling due after more than one year	14		<u>(11,963,027)</u>		<u>(12,190,328)</u>
Net liabilities			<u>(6,554,801)</u>		<u>(3,564,507)</u>
Capital and reserves					
Called up share capital	15		100		100
Profit and loss account			<u>(6,554,901)</u>		<u>(3,564,607)</u>
Shareholders' deficit			<u>(6,554,801)</u>		<u>(3,564,507)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 22 December 2021

H Handelsman
Director

The notes on pages 13 to 21 form part of these financial statements.

Chiltern Street Hotel Limited

**Statement of changes in equity
at 31 December 2020**

	Issue share capital £	Profit and loss account £	Total equity £
1 January 2019	100	(5,585,682)	(5,585,582)
Profit for the year	-	2,021,075	2,021,075
Total comprehensive income for the year	-	2,021,075	2,021,075
31 December 2019	100	(3,564,607)	(3,564,507)
1 January 2020	100	(3,564,607)	(3,564,507)
Loss for the year	-	(2,990,294)	(2,990,294)
Total comprehensive income for the year	-	(2,990,294)	(2,990,294)
31 December 2020	100	(6,554,901)	(6,554,801)

The notes on pages 13 to 21 form part of these financial statements.

Chiltern Street Hotel Limited

**Statement of cash flows
for the year ended 31 December 2020**

	Note	2020 £	2019 £
Cash flows from operating activities			
(Loss)/Profit for the financial year		(2,990,294)	2,021,075
Adjustments for:			
Depreciation of fixed assets	10	1,720,127	1,559,980
Net interest receivable		(7,597)	(16,003)
Net interest payable		466,852	539,059
Decrease/(increase) in trade and other debtors		1,032,771	(250,160)
Decrease/(increase) in stocks		215,182	(46,576)
(Decrease)/increase in trade and other creditors		(863,664)	(212,382)
Taxation (credit)/expense		(500,928)	489,192
Taxation Paid		(452,462)	(160,003)
Net cash(utilised in)/ generated from operating activities		(1,380,013)	3,924,182
Cash flows from investing activities			
Purchases of tangible fixed assets	10	(884,685)	(1,225,335)
Interest received		7,597	16,003
Net cash (used in) investing activities		(877,088)	(1,209,332)
Cash flows from financing activities			
Interest paid		(466,852)	(539,059)
(Settlement of) shareholder loans	14	(227,301)	(2,825,677)
Net cash (used in) financing activities		(694,153)	(3,364,736)
Net increase in cash and cash equivalents		(2,951,254)	(649,886)
Cash and cash equivalents at beginning of year		3,692,806	4,342,692
Cash and cash equivalents at end of year		741,552	3,692,806
Cash and cash equivalents comprise:			
Cash at bank and in hand		784,885	3,692,806
Bank overdraft		(43,333)	-
		741,552	3,692,806

The notes on pages 13 to 21 form part of these financial statements.

Chiltern Street Hotel Limited

Notes forming part of the financial statements for the year ended 31 December 2020

1 Accounting policies

Chiltern Street Hotel Limited is a private company limited by shares incorporated in England and Wales. The registered office is Edison House, 223-231 Old Marylebone Road, London, NW1 5QT.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The principal accounting policies applied in the preparation of these financial statements are set out below:

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in the financial statements are rounded to the nearest £.

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 2).

Going concern

COVID-19 has had a significant impact on the global and UK economy. Whilst there appear to be signs of recovery with the opening up of businesses, and the economy, the directors recognise there is still uncertainty around the long term implications of the virus on businesses and have taken a cautious approach when preparing cash flow forecasts for the period of 12 months from the date of approval of these financial statements. These forecasts show that the Company is expected to be able to meet its operational liabilities as they fall due for the next 12 months. Whilst the Company is expected have sufficient trading to meet its operational liabilities, due to the closures of the group's hotel operation during the calendar year of 2021 and the pandemic's effect on the recovery of the hotel business, the covenants under the Parent Company's bank loan, for which the Company is guarantor, are currently non-compliant. The group are working with the lenders on resolving this with new documentation to be in place before the end of 2021.

The Parent Company's bank loan facility terminated in November 2021 at which time the lenders gave a short term extension to 31 December 2021. The Parent Company's directors are in discussions with the current lenders on a further two year extension of the loan which has been accepted and is currently in the process of being documented. The Directors are confident that the loan extension will be granted and therefore have prepared the financial statements on a going concern basis.

However as at the date of approval of these financial statements, the documentation has not been formally signed and entered into. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and therefore their ability to realise their assets and discharge their liabilities in the normal course of business. The Directors are confident that the loan extension will be granted and therefore have prepared the financial statements on a going concern basis.

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

Turnover

Turnover represents the amounts (excluding value added tax) attributable to one continuing activity, the provision of services as a hotelier. Turnover by destination relates to one geographical market, being the United Kingdom.

Revenues from the sales of goods and services is recognised when the company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the company will receive the previously agreed upon payment.

Chiltern Street Hotel Limited
Notes forming part of the financial statements
for the year ended 31 December 2020

1 Accounting policies (continued)

Government Grants

Grants are recognised when there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received. The grants are recognised in the income statement as other operating income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Property, plant and equipment

Recognition

Property, plant and equipment held under the cost model is stated at historical cost less accumulated depreciated and any accumulated impairment losses. Historical cost includes any 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 of the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets, except freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Computer equipment	-	25% per annum
Plant and machinery	-	2%/10% per annum
Fixtures, fittings and equipment	-	20% per annum

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 within 'other operating income' in the statement of comprehensive income.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a change attributable to an item of income or 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.

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

Chiltern Street Hotel Limited

**Notes forming part of the financial statements
for the year ended 31 December 2020 (continued)**

1 Accounting policies (continued)

Taxation (continued)

- 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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are periodically evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The company's critical accounting judgements and estimates are in respect of property, plant and equipment; asset impairments; and taxation.

Chiltern Street Hotel Limited

**Notes forming part of the financial statements
for the year ended 31 December 2020 (continued)**

2 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Details of these judgements and estimates are described in the relevant accounting policy and detailed notes to the financial statements as set out below:

- *Property, plant and equipment*

Assumptions are made regarding assets' useful lives and residual value in relation to plant and equipment (see accounting policy on property, plant and equipment and note 9);

- *Asset impairments*

Assumptions are made in relation to the value in use calculation, including projected cash flows, future growth rates and the appropriate discount rate to apply to these (see accounting policies on property, plant and equipment);

- *Current and deferred taxation*

At each financial period end judgement is required in determining the provision for current taxes. The amount of the deferred tax asset included in the Balance Sheet of the Company is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. In estimating the amount of the deferred tax asset that may be recognised, the directors make judgements, based on current budgets and forecasts, about the amount of future taxable profits and the timings of when these will be realised (see accounting policy on current and deferred taxation).

3 Turnover

Turnover arises solely from the principal activities of the company and there are no transactions outside of the UK.

4 Other operating income

	2020 £	2019 £
Government grants	2,212,150	-
	<u> </u>	<u> </u>

Included in other operating income are UK Government COVID related grants.

5 Employees

	2020 £	2019 £
Staff costs consist of:		
Wages and salaries	4,957,359	6,582,436
Social security costs	399,554	589,714
Other pension costs	85,746	92,606
	<u> </u>	<u> </u>
	5,442,659	7,264,756
	<u> </u>	<u> </u>

The average number of employees, including directors, during the year was 134 (2019 - 323).

Chiltern Street Hotel Limited

**Notes forming part of the financial statements
for the year ended 31 December 2020 (continued)**

6 Directors remuneration

The directors did not receive any remuneration during the current or previous year.

7 Operating (loss)/profit

	2020 £	2019 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	1,720,127	1,559,980
Auditor's remuneration:		
- audit services	38,600	26,400
Operating lease - land and buildings	541,234	516,479
	<u> </u>	<u> </u>

8 Interest payable and similar charges

	2020 £	2019 £
Amounts due to immediate parent (note 13)	466,852	539,059
	<u> </u>	<u> </u>

Interest is assessable at a rate of 3.75% on amounts due to the company's immediate parent undertaking.

9 Taxation on (loss)/profit on ordinary activities

	2020 £	2019 £
<i>Current tax:</i>		
UK corporation tax on (loss)/profit for the year	(278,536)	488,128
Adjustments in respect to prior years	(222,392)	1,064
Total current tax	<u>(500,928)</u>	<u>489,192</u>

The tax assessed for the year is higher (2019 - higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2020 £	2019 £
(Loss)/profit on ordinary activities before tax	(3,491,222)	2,510,267
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2019 – 19%)	<u>(663,332)</u>	<u>476,950</u>
Effects of:		
Depreciation in excess of capital allowances	83,567	11,178
Losses carried forward	301,229	-
Adjustments in respect of prior periods	(222,392)	1,064
Current tax (credit)/charge for year	<u>(500,928)</u>	<u>489,192</u>

Chiltern Street Hotel Limited

**Notes forming part of the financial statements
for the year ended 31 December 2020 (continued)**

9 Taxation on (loss)/profit on ordinary activities (continued)

There are decelerated capital allowances carried forward of £4.5m (2019 - £3.6m), and tax losses carried forward of £1.6m (2019: £Nil). Deferred tax assets of £1.2 m (2019 - £0.6m) relating to losses and capital allowances have not been recognised due to the uncertainty surrounding when they will be utilised against future trading profits.

10 Tangible assets

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
<i>Cost</i>				
At 1 January 2020	12,389,664	8,813,085	321,404	21,524,153
Additions	3,999	802,896	77,790	884,685
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	12,393,663	9,615,981	399,194	22,408,838
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 January 2020	6,608,869	7,920,441	245,581	14,774,891
Depreciation charge	1,173,614	517,304	29,209	1,720,127
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	7,782,483	8,437,745	274,790	16,495,018
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 2020	4,611,180	1,178,236	124,404	5,913,820
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	5,780,795	892,644	75,823	6,749,262
	<hr/>	<hr/>	<hr/>	<hr/>

11 Stocks

	2020 £	2019 £
Food and beverage stock held	288,007	503,189
	<hr/>	<hr/>

There is no material difference between the replacement cost of stocks and the amounts stated above.

Chiltern Street Hotel Limited

**Notes forming part of the financial statements
for the year ended 31 December 2020 (continued)**

12 Debtors

	2020	2019
	£	£
Trade debtors	32,975	401,330
Prepayments	368,059	532,491
Unpaid share capital	100	100
Director loans	-	1,884
Other debtors	85,725	583,824
Corporation tax receivable	294,000	-
	<u>780,859</u>	<u>1,519,630</u>

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

13 Creditors: amounts falling due within one year

	2020	2019
	£	£
Bank overdraft	43,333	-
Trade creditors	712,914	1,133,276
VAT payable	353,937	540,830
Accruals and other creditors	1,237,814	1,220,644
Amounts due to related parties	11,347	284,926
Corporation tax	-	659,390
	<u>2,359,345</u>	<u>3,839,066</u>

14 Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Amount due to immediate parent company	<u>11,963,027</u>	<u>12,190,328</u>

Amounts due to the company's immediate parent undertaking have no fixed date of repayment although confirmation has been received that amounts are not repayable prior to 31 December 2020. Interest is assessable at a rate of 3.75% on amounts due to the company's immediate parent undertaking; which is considered to be at market rate.

15 Share capital

	2020	2019
	£	£
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

Ordinary shares carry one vote per share and rights to participate in dividends and capital equally with all other ordinary shares at any time and from time to time issued by the company.

Chiltern Street Hotel Limited

**Notes forming part of the financial statements
for the year ended 31 December 2020 (continued)**

16 Related party transactions

The company has taken advantage of the exemption conferred by Section 33.1A of FRS 102, not to disclose transactions with wholly owned group companies.

During the year the company received services amounting to £376,736 (2019 - £2,157,473) from a company which has a common director and provided services to a value of £13,112 (2019 - £12,408) to a company director. The balance outstanding and due to the related company at the year end date was £11,347 (2019 - £230,879). The balance due from the director at the year end date was £Nil (2019 - £Nil). These amounts are included within amounts due to/from related parties, trade creditors and accruals. All transactions are conducted on an arm's length basis.

17 Financial instruments

The company's financial instruments may be analysed as follows:

	2020 £	2019 £
Financial assets		
Financial assets measured at amortised cost	903,585	4,679,844
	<u> </u>	<u> </u>
Financial liabilities		
Financial liabilities measured at amortised cost	13,968,435	15,166,365
	<u> </u>	<u> </u>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade and other debtors and directors loans.

Financial liabilities measured at amortised cost comprise bank overdrafts, trade and other creditors, amounts due to related parties and accruals.

18 Commitments under operating leases

As at 31 December 2020, the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2020 £	Land and buildings 2019 £
Operating leases which expire:		
Within one year	541,234	516,479
One to two years	541,234	516,479
Two to five years	1,623,702	1,549,437
Over five years	29,064,266	28,251,401
	<u> </u>	<u> </u>

Chiltern Street Hotel Limited

**Notes forming part of the financial statements
for the year ended 31 December 2020 (continued)**

19 Ultimate parent undertaking

The company's intermediary parent undertaking is Chiltern Street Limited Partnership, registered in England and Wales and controlled by Chiltern Street General Partner LLP. The LLP is jointly owned by BI Chiltern LLC and Manhattan Loft Holdings (2008) Limited and therefore there is no ultimate controlling party. The company's immediate parent undertaking is Chiltern Street Investments Limited, which is registered in Guernsey.

20 Post Balance Sheet Events

Since the year-end the company has settled an insurance claim for business interruption relating to the impact of the COVID-19 outbreak on the company's trade. The company received a payment of £1m relating to this claim in April 2021. This is a non-adjusting post balance sheet event.