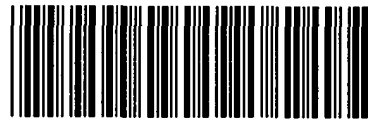


**EDWARDIAN INVESTMENTS LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**Company Registration No. 08735649**

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**EDWARDIAN INVESTMENTS LTD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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# EDWARDIAN INVESTMENTS LTD

## STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 December 2019.

### Review of the business

The principal activity of the Company is that of an investment holding Company. The Company made a loss before tax of £6,000 for the year (2018: loss of £6,000).

The Company has a direct subsidiary which holds five trading subsidiaries, each holding and operating a hotel, four of which are in central London and one is in Docklands. The hotels, all of which are freehold except one held on a long lease and operated under the Radisson Blu Edwardian brand are:

The Kenilworth Hotel

The Bloomsbury Street Hotel

The Mercer Street Hotel

The New Providence Wharf Hotel

The Grafton Hotel

In total, these hotels have 827 beds in central London and 169 beds at Canary Wharf, in addition to conferencing and banqueting facilities, restaurants and bars.

These hotels enjoyed multiple sources of demand prior to the global coronavirus pandemic (Covid-19), which has had a material effect on their trade in 2020 and continues to have a significant impact. This is described in more detail in a separate section on the impact of Covid-19 in this report.

The directors are however confident that long term demand for quality hotels will continue once the pandemic measures are fully relaxed and therefore these hotels will remain attractive to investors when they become fully functional and they will therefore retain their long term values.

The Company's investments in the subsidiaries were revalued to their net asset values (which are considered their fair values) at the balance sheet date and the net unrealised gain on revaluation of £112 million (2018: £0.7 million), arising primarily due to revaluation of the hotels in the subsidiaries bi-annually, has been incorporated in other comprehensive income. Any impact of Covid-19, on these valuations, which is at present difficult to assess, is a non-adjusting event at the Balance Sheet date.

### Strategy

The Company is a wholly owned subsidiary of Edwardian Group Limited, which owns and operates 9 hotels in central London and hotels at Heathrow, Central Manchester and London Docklands and has one hotel under construction in central London. The Company's investment strategy is reviewed regularly at group level to fit in with group strategy of development and operation of hotels, primarily in London.

### Key Performance Indicators

The Company receives regular reports purchased by the group which compare the performance of the hotels in its subsidiaries on achieved room rate, occupancy and revpar against a selected group of hotels which are broadly comparable in location and quality. These reports during 2019 showed that these hotels performed well in comparison with the selected group.

# EDWARDIAN INVESTMENTS LTD

## STRATEGIC REPORT

### Principal risks and uncertainties

Like most businesses, the Company is subject to a variety of risks which could have a negative impact on its performance and financial condition, including the reputational damage that might arise from inadvertent breach of one or more provisions of the substantial volume of new and revised legislation and regulations that continue to flow. The Board is responsible for the Company's system of internal control and risk management, and for reviewing its effectiveness. In discharging and delegating that responsibility, the Board has regard to the balance of risk, cost and opportunity.

This section describes some of the risks that could materially affect the Company's business. The risks below are not the only ones that the Company faces. Some risks are not yet known to the Company and some that it does not currently believe to be material could later turn out to be material. All such risks could materially affect the Company's business.

The Company's subsidiary Edwardian Hotel Investments Ltd, has entered into a fixed rate loan of £156.8 million for the entire term of the loan, expiring December 2026. If the loan is repaid before scheduled repayments dates the subsidiary would incur cancellation costs which would depend on current interest rates at that time. In addition, it has a further loan of £21.6 million which is at a variable rate and therefore subject to fluctuations in the LIBOR rates. These loans are secured by guarantees and fixed and floating charges over the assets of its trading subsidiaries. The Company is therefore reliant on the trading performance of its subsidiaries for compliance with its financial covenants.

Disruption or closure of major London airports would also materially impact the trading in the Company's hotel operating subsidiaries if the effects were prolonged. This is described in more detail in this report in the section relating to the impact of Covid-19.

The hotels of the subsidiaries are located in London so that profitability is dependent on the strength of the London market. The trading at these hotels is particularly exposed to the effects of terrorist incidents or other events which could materially impact trading if the effect were prolonged. Whilst these subsidiaries have insurance against terrorism damage directly at each of its hotels it is not possible to insure against indirect effects. Fortunately, demand for hotel services and particularly room occupancy comes from many sources of business and many countries.

There was no significant effect in early 2020 on the trading in the hotels in the Company's subsidiaries, following UK's exit from the EU on 31 January 2020. Whilst the hotels in the subsidiaries are, to some extent, reliant on EU staff, steps were being taken during the year and are continuing, to improve recruitment and training of UK staff. The effect of the full exit in December 2020 is difficult to assess, however, given the downturn in the business of the Company's subsidiaries caused by the Covid-19 pandemic, it appears that it will not have any additional negative impact on these subsidiaries and thus on the Company.

# EDWARDIAN INVESTMENTS LTD

## STRATEGIC REPORT

### **Principal risks and uncertainties (continued)**

The Company's subsidiaries are reliant upon the reservation system of Radisson Hotel Group (RHG), the franchisor of Radisson brand and system. In common with other franchisees these subsidiaries exposed to the risk of failures in that system as well as in their own associated IT systems. The Company and its subsidiaries have only indirect influence over steps that RHG might take to mitigate such risks. The Company's subsidiaries have the benefit of long term agreements with RHG. We have been encouraged by the support and co-operation offered by RHG to date. The Company's subsidiaries are exposed to the possibilities of interruption in the short term including inadequate disaster recovery arrangements, and/or to inadequate continued investment in this technology, leading to loss of competitive position in its distribution channels which are continually changing and important to revenues and to the control of the supply, presentation and price of its room inventory. This could impact on the Company's investments in the subsidiaries.

### **The substantial and adverse impact of the Covid-19 pandemic in 2020 and beyond**

The global Covid-19 pandemic in 2020 has had a material effect on the businesses operated by the Company's subsidiaries, and these subsidiaries have had to take unprecedented steps as a result of it. In accordance with UK government regulations, the hotels, restaurants and bars operated by these subsidiaries closed on 25 March 2020 when the first lockdown was imposed. These subsidiaries had to put a large number of their employees on furlough leave under the government's Job Retention Scheme. Whilst a significant number of employees have been made redundant, the majority of the employees have accepted changes to their terms of employment, including working reduced number of days, to allow the subsidiary companies to retain maximum number of employees possible. They had no trading income from the close down until they started re-opening the hotels with significantly reduced capacity from late August 2020. However, the restaurant and bar facilities are subject to separate rules under the government guidance for Covid-19 and have to close when lockdowns and tier restrictions apply.

All non-essential capital expenditure in the subsidiary companies has been suspended and cost reviews have been carried out so only essential non avoidable costs are incurred until normal trading resumes.

Since March 2020, business and tourist travel, especially international air travel into the UK has been substantially reduced. Inward travel to the UK by air from many countries remains subject to control and restrictions. As a result, there is still limited demand due to restrictions under the tier system and lockdowns.

The shutting of the hotels in the Company's subsidiaries led to amicable discussions with the external lender of the Company's subsidiary, for covenant waivers and additional loan facilities so that the Company could provide adequate financial support to its subsidiaries and the Company and these subsidiaries can continue in operation and pay their debts as and when they fall due for the foreseeable future. Additional loan facilities of £17.0 million was secured in early June and a further facility of £14.0 million was secured in December 2020. The lenders also agreed waiver of covenants until December 2021.

The impact of this and other relevant circumstances has been considered when carrying out the going concern assessment, as disclosed in note 1 of the financial statements.

# EDWARDIAN INVESTMENTS LTD

## STRATEGIC REPORT

### Statement required under S172 Companies Act 2006

The table below lists the policies adopted by the Board of Directors in 2019, which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the matters below. In addition, because of the unprecedented effect of Covid-19 in 2020, we have added further examples of decisions taken by the directors to show how the Board has tackled this challenging change in the trading environment:

<b>S 172 requirement</b>	<b>How the board's discussions and decision making has taken this into account</b>
<b>(a) the likely consequences of any decision in the long term</b>	<p>Securing long term external finance in its subsidiary to ensure financial stability in the subsidiaries.</p> <p>Ensuring the subsidiaries continue to maintain and upgrade hotel facilities to ensure they remain competitive and generate repeat and new business.</p> <p>During 2020, additional long term borrowings were secured and changes agreed to covenants under the loan facilities to enable the Company to continue to provide adequate financial support to the hotel trading subsidiaries for the foreseeable future.</p>
<b>(b) the interests of the Company's employees</b>	<p>The Company has no direct employees, but its hotel operating subsidiaries participates in the training offered by the group to which it belongs. It offers one of the most comprehensive induction and training in the hospitality industry through its own purpose built training academy, Edwardian Group Education, which not only provides a thorough grounding for a hospitality career (including professional qualifications such as apprenticeships in Hospitality and Leadership) but also introduces employees to the concept of delivering service excellence in everything they do.</p> <p>The group is working to develop the hospitality industry's future decision-makers through education and practical training.</p> <p>Following the lockdown, the Company's subsidiaries commenced a collective consultation process with their employees and whilst a significant number had to be made redundant, majority agreed revised terms which included reduced working hours for individual employees but allowed the subsidiaries to retain the maximum number of employees they could, supported by the furlough scheme under the government's Job Retention Scheme.</p>

**EDWARDIAN INVESTMENTS LTD****STRATEGIC REPORT****Statement required under S172 Companies Act 2006 (continued)**

<b>(c) the need to foster the Company's business relationships with suppliers, customers and others</b>	<p>The Company is an investment holding Company and has no direct trading relationships. However, it maintains the following policies for subsidiaries:</p> <p>To provide one of the best hotel experiences to its customers and actively monitors their changing needs through their feedback and adjusts accordingly.</p> <p>The provision of services by these subsidiaries to guests is not only dependent on their dedicated employees but also on the value added by the suppliers with whom they strive to build close relationships, ensuring excellent standards and loyalty, and in turn they ensure fair practice in prompt payment of their bills.</p>
<b>(d) the impact of the Company's operations on the community and the environment</b>	<p>The Company supports the community and charities at local and national level through the activities of its subsidiaries.</p> <p>The Company is focused on environmentally friendly initiatives by its subsidiaries and the head of responsible business for the group to which it belongs oversees initiatives to reduce its carbon footprint, for example by reduction of energy usage and the reduction of food and water wastage across all its properties and ensures cross-department collaborations that improve process and aim to achieve the group's sustainable mission.</p>
<b>(e) the desirability of the Company maintaining a reputation for high standards of business conduct</b>	<p>The ethos of the Group to which the Company belongs is striving to be the best in the hospitality industry, for both employees and guests. This requires constant monitoring of best practices at all levels. This ensures it maintains and enhances its reputation for high standards of business conduct.</p>
<b>(f) the need to act as fairly as between members of the Company</b>	<p>The Company is a wholly owned subsidiary of Edwardian Group Limited, its parent Company.</p>

By Order of the Board



Vijay Wason  
Company Secretary

21 December 2020

# EDWARDIAN INVESTMENTS LTD

## DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the financial statements of the Company for the year ended 31 December 2019.

### Dividends

No dividends were paid or declared for the year (2018: £Nil).

### Directors

The Directors who held office during the year were as follows:

Jasminder Singh

John Robert Morley (Resigned on 31 March 2020)

### Political contributions

The Company made no political donations or incurred any political expenditure during the year (2018: £Nil).

### Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Other information

An indication of the likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

**Registered office:**  
140 Bath Road  
Hayes  
Middlesex  
UB3 5AW

By Order of the Board



**Vijay Wason**  
Company Secretary

**21 December 2020**



## **EDWARDIAN INVESTMENTS LTD**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS**

The Directors are responsible for preparing the Annual 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF EDWARDIAN INVESTMENTS LTD**

**Opinion**

We have audited the financial statements of Edwardian Investments Ltd ("the Company") for the year ended 31 December 2019 which comprise the Profit and Loss account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**Material uncertainty related to going concern**

We draw attention to note 1 to the financial statements which indicates the Company's reliance on the continued availability of the group support. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

**Strategic report and Directors' report**

The Directors are responsible for the Strategic report and the Directors report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF EDWARDIAN INVESTMENTS LTD**

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 7, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF EDWARDIAN INVESTMENTS LTD**

**The purpose of our audit work and to whom we owe our responsibilities**

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.

**Chrissy Douka (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London E14 5GL  
United Kingdom

**21 December 2020**

**EDWARDIAN INVESTMENTS LTD****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £'000	2018 £'000
<b>TURNOVER</b>		-	-
Administrative Expenses		(5)	(5)
<b>OPERATING LOSS</b>	3	(5)	(5)
Interest receivable	4	2,578	3,275
Interest payable and similar expenses	5	(2,579)	(3,276)
<b>LOSS BEFORE TAX</b>		(6)	(6)
Taxation	6	1	1
<b>LOSS FOR THE FINANCIAL YEAR</b>		(5)	(5)

All of the activities of the Company are classed as continuing.

*The notes on pages 15 to 23 form part of these financial statements.*

**EDWARDIAN INVESTMENTS LTD****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £'000	2018 £'000
<b>Loss for the financial year</b>	<u>(5)</u>	<u>(5)</u>
<b>Other comprehensive income:</b>		
Unrealised gains on revaluation of investments in subsidiary	7 <u>112,019</u>	<u>755</u>
<b>Other comprehensive income for the year, net of tax</b>	<u>112,019</u>	<u>755</u>
<b>Total comprehensive income for the year</b>	<u><u>112,014</u></u>	<u><u>750</u></u>

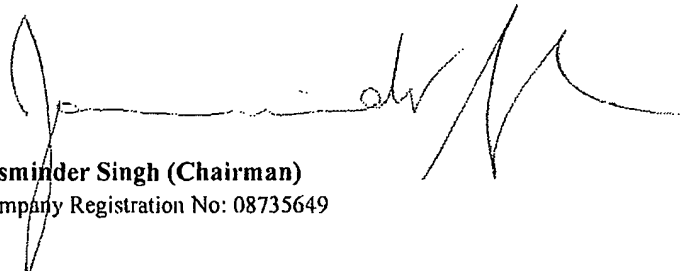
*The notes on pages 15 to 23 form part of these financial statements.*

# EDWARDIAN INVESTMENTS LTD

## BALANCE SHEET AT 31 DECEMBER 2019

	Note	2019 £'000	2018 £'000
<b>FIXED</b>			
Investments	7	239,713	127,694
<b>CURRENT ASSETS</b>			
Debtors (including £48,396,000 (2018: £50,573,000) due after more than one year	8	48,397	50,574
<b>CREDITORS: Amounts falling due within one year</b>	9	(4)	(50,599)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>48,393</u>	<u>(25)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>288,106</b>	<b>127,669</b>
<b>CREDITORS: Amounts falling due after more than one year</b>	10	<u>(48,423)</u>	<u>-</u>
<b>NET ASSETS</b>		<u><b>239,683</b></u>	<u><b>127,669</b></u>
<b>CAPITAL AND RESERVES</b>			
Share capital	11	8	8
Share premium		74,992	74,992
Revaluation reserve	11	164,713	52,694
Profit and loss account		<u>(30)</u>	<u>(25)</u>
<b>SHAREHOLDER'S FUNDS</b>		<u><b>239,683</b></u>	<u><b>127,669</b></u>

These financial statements were approved by the board of directors on 21 December 2020 and were signed on its behalf by:

  
**Jasmininder Singh (Chairman)**  
 Company Registration No: 08735649

*The notes on pages 15 to 23 form part of these financial statements.*

# EDWARDIAN INVESTMENTS LTD

## STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 DECEMBER 2019

	Share Capital £'000	Share Premium £'000	Revaluation Reserve £'000	Profit and Loss Account £'000	Total £'000
<b>Balance at 1 January 2018</b>	8	74,992	51,939	(20)	126,919
Loss for the year	-	-	-	(5)	(5)
<b>Other comprehensive income for the year:</b>					
Revaluation of investments	-	-	755	-	755
<b>Total comprehensive income for the year</b>	-	-	755	(5)	750
<b>Balance at 31 December 2018</b>	8	74,992	52,694	(25)	127,669
<b>Balance at 1 January 2019</b>	8	74,992	52,694	(25)	127,669
Loss for the year	-	-	-	(5)	(5)
<b>Other comprehensive income for the year:</b>					
Revaluation of investments	-	-	112,019	-	112,019
<b>Total comprehensive income for the year</b>	-	-	112,019	(5)	112,014
<b>Balance at 31 December 2019</b>	8	74,992	164,713	(30)	239,683

*The notes on pages 15 to 23 form part of these financial statements.*



# EDWARDIAN INVESTMENTS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 PRINCIPAL ACCOUNTING POLICIES

#### General information and Basis of accounting

Edwardian Investments Ltd is a private Company limited by shares and incorporated in and domiciled in the UK. The address of the registered office is 140 Bath Road, Hayes, Middlesex, UB3 5AW. The Company's principal activity is that of an investment holding Company.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Edwardian Group Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Edwardian Group Limited are prepared under FRS 102 and are available to the public and may be obtained from 140 Bath Road, Hayes, Middlesex, UB3 5AW. In these financial statements, the Company is considered to be a qualifying entity (for the purpose of this FRS) and has applied the exemptions available under FRS 102 in respect to the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

No significant judgements have had to be made by directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year, except for the revaluation of investments in subsidiaries at their net asset values at the Balance Sheet date, as noted under the accounting policy for investment in subsidiaries on page 18.

The Company has considered the Triennial Review 2017 Amendments in preparation of these financial statements. There is no impact of these changes to the Company policies or the Company financial statements.

#### Measurement convention

The financial statements are prepared on the historical cost basis except that the investments in subsidiaries are measured at their net asset value, which is considered to be their fair value at the balance sheet date.

# EDWARDIAN INVESTMENTS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 PRINCIPAL ACCOUNTING POLICIES (continued)

#### Going concern

The Company is part of the group of companies headed ultimately by Edwardian Group Limited (the "Group") and its principal activity is that of an investment company. It receives interest on intercompany loans from its subsidiary, which it utilises to pay intercompany loan interest to its parent company. The Company's subsidiary is dependent on receiving intercompany loan interest and dividends from its hotel operating subsidiaries. As a result of the severe impact of Covid-19 on these hotel operating subsidiaries, the Company is unlikely to receive payment of any intercompany interest or any dividends from its subsidiary companies for the foreseeable future and for at least for 12 months from the date of signing these accounts. As a result, the ability of the Company to continue as a going concern is based on the ability of the Group to continue as a going concern.

The Covid-19 pandemic has had and will continue to have a significant and adverse impact on the Company's investments. As a result of the pandemic, the hotels owned by the Company's subsidiaries were closed and operations were temporarily suspended during the periods of 25 March 2020 to early September, generating no revenue from rooms, food and beverage sales, or other revenue, which represent substantially all revenue and cash flow from operations.

In response to the Covid-19 pandemic, the Company's subsidiaries promptly adopted and continue to adopt, important measures aimed at preserving liquidity and eliminating those costs deemed non-essential for operational management. In particular, they have:

- suspended non-essential operating expenses, including marketing, promotion, travel and entertainment expenses and reduced operating expenses for the management of hotels to the minimum levels necessary during their closure and upon reopening in a limited capacity;
- deferred all non-essential capital expenditure;
- implemented measures to reduce employment costs, including redundancies, variations to contractual terms inclusive of pay and hours, full or partial furlough of employees to the minimum level necessary whilst they are not trading and upon reopening in a limited capacity;
- worked and continue to work with suppliers, and other business partners to manage, defer, and/or abate related operating expenses during the disruptions caused by the Covid-19 pandemic;
- adopted an enhanced active cash management process for all outgoing payments; and
- utilised government assistance where possible.

Following complete closure on 25 March 2020, only one hotel in a subsidiary opened in early September 2020 and continued trading through the second lockdown. However, the restaurant and bar facilities are subject to separate rules under the government guidance for Covid-19 and have to close when lockdowns and tier restrictions apply. The safety and well-being of the hotel guests and employees is the number one priority. When considered viable, all locations will continue to open with new safety procedures that ensure compliance with directives set by the government and its brand guidelines. Procedures include personal protection equipment, cleaning protocols, limited capacity where applicable and other strategies.

## EDWARDIAN INVESTMENTS LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1 PRINCIPAL ACCOUNTING POLICIES (continued)

##### **Going concern** (continued)

The ultimate duration of the pandemic and of responsive governmental regulations is uncertain. It is unknown whether further government led lockdowns will be required and whether hotels will be required to close again in order to help prevent the spread of Covid-19.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the Company has sufficient funding from its parent company in order to meet its liabilities as they fall due for that period. The Company is financed by way of a long-term intercompany loan from its parent company. The ability of the Company to remain as a going concern is dependent on the parent company not seeking repayment of the amounts currently due as at the balance sheet date. The parent company has indicated its intention to not to seek repayment of the amounts due at the balance sheet date and thereafter, for the foreseeable future, and for at least 12 months from the date of signing these accounts. As with any company placing reliance on other group entities for financial support, the directors of the Company acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

In preparing these forecasts the Directors have assessed a base case forecast taking into account that the hotel operations of the Company's subsidiaries (which have been subject to the nationwide lockdown as well as tier restrictions) remained closed throughout except one which opened in September 2020, after the first lockdown and have been able to keep trading through the second lockdown albeit at reduced occupancy levels. All subsidiaries have undertaken significant work to reduce the variable cost base and these assumptions have been modelled against gradually increasing revenue through the 12-month review period. Such projections are subject to uncertainty in particular around the speed with which international and domestic travel opens up again. This forecast has only included government support that has been substantively enacted at the date of approval of these financial statements (such as the business rates holiday and use of UK government's coronavirus Job Retention Scheme, along with other mitigating actions under the control of the directors as explained above.

The directors have further considered a severe but plausible downside scenario in which the company's subsidiaries generates no revenue for four weeks of January 2021 as a result of further government restrictions followed by a slower gradual increase in trading through the remainder of 2021. Fixed costs have remained unchanged when compared to the base scenario, while variable costs are aligned with the revenue movements.

Based on the above, the directors believe it remains appropriate to prepare the financial statements on a going concern basis. However, the directors consider that as the Company is dependent on the parent company not seeking repayments of the amounts currently due, that this represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising assets and discharging liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

## EDWARDIAN INVESTMENTS LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1 PRINCIPAL ACCOUNTING POLICIES (continued)

##### *Investments in subsidiaries*

These are separate unconsolidated financial statements of the Company. Investments in subsidiary companies are stated at the net asset values of the subsidiary companies, which is considered to be their fair values, unless the net asset value is negative, in which case the investment's carrying value is considered to be nil. Differences between the net asset value and historical cost are recognised in other comprehensive income (OCI) in accordance with FRS 102.17.15.E-F, with net revaluation gains recognised in OCI and net revaluation losses in profit and loss to the extent that these are not reversals of previous revaluation gain.

##### *Other debtors / creditors*

Other debtors are recognised initially at transaction price less attributable transaction costs. Other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition, debtors and creditors payable or receivable within one year are measured at the undiscounted amount of the cash expected to be paid or received, net of any impairment losses in the case of debtors.

##### *Interest-bearing borrowings classified as basic financial instruments*

Borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### **Impairment excluding deferred tax assets**

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

## EDWARDIAN INVESTMENTS LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1 PRINCIPAL ACCOUNTING POLICIES (continued)

*Financial assets (including trade and other debtors) (continued)*

*Non-financial assets*

The carrying amounts of the Company's non-financial assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

#### **Taxation**

Tax on the profit and loss for the year comprises current tax. Tax is recognised in the profit and loss account.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

# EDWARDIAN INVESTMENTS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 PRINCIPAL ACCOUNTING POLICIES (continued)

#### Expenses

##### *Interest receivable and interest payable*

Interest payable and similar expenses includes interest payable that are recognised in the profit and loss account.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

### 2 DIRECTORS' REMUNERATION

The remuneration of directors of the Company, who are also directors of the Company's ultimate parent Company, Edwardian Group Limited, is disclosed in the group financial statements, as substantially all of their qualifying services are provided to the ultimate parent Company.

### 3 OPERATING LOSS

Operating loss is stated after charging:

	2019 £'000	2018 £'000
Auditor's Remuneration - as Auditor	<u>2</u>	<u>2</u>

### 4 INTEREST RECEIVABLE

	2019 £'000	2018 £'000
Interest receivable from group undertakings	<u>2,578</u>	<u>3,275</u>

### 5 INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £'000	2018 £'000
Interest payable to group undertakings	<u>2,579</u>	<u>3,276</u>

# EDWARDIAN INVESTMENTS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 6 TAXATION

#### (a) Total tax recognised in profit and loss account:

	2019 £'000	2018 £'000
Current Tax:		
Group relief receivable based on tax losses for the year	(1)	(1)
<b>Total current tax</b>	<b>(1)</b>	<b>(1)</b>

No deferred tax arises in the current year (2018: £Nil).

#### (b) Reconciliation of effective tax rate:

The total tax for the year is the same (2018: the same) than the standard rate of corporation tax in the UK of 19% (2018: 19%).

	2019 £'000	2018 £'000
Loss before tax	(6)	(6)
Loss multiplied by standard rate of tax @ 19% (2018: 19%)	(1)	(1)
<b>Total tax included in profit and loss account</b>	<b>(1)</b>	<b>(1)</b>

#### (c) Changes in future tax rates:

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

### 7 FIXED ASSET INVESTMENTS

	Shares in Subsidiary	
	2019 £'000	2018 £'000
<b>VALUATION</b>		
At 1 January	127,694	126,939
Surplus on revaluation of investments	112,019	755
At 31 December	<b>239,713</b>	<b>127,694</b>

Fixed asset investments comprise of investments in the following subsidiaries:

Name of Subsidiary	Principle Activity	Percentage of Ordinary Shares 2019 and 2018
Edwardian Hotel Investments Ltd	Investment Holding	100
Edwardian Bloomsbury Street Limited *	Hotel Services	100
Edwardian Canary Wharf Hotel Limited *	Hotel Services	100
Edwardian Grafton Hotel Ltd *	Hotel Services	100
Edwardian Ltd *	Hotel Services	100
Edwardian Mercer Street Ltd *	Hotel Services	100

\* indirect subsidiary undertakings

The registered office address of all subsidiaries is 140 Bath Road, Hayes, Middlesex, UB3 5AW.

# EDWARDIAN INVESTMENTS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 8 DEBTORS

	2019	2018
	£'000	£'000
Amounts owed by group undertakings	48,396	50,573
Group relief receivable	1	1
	<u>48,397</u>	<u>50,574</u>

Debtors include amounts owed by group undertakings of £48,396,000 (2018: £50,573,000) due after more than one year. All debtors due after more than one year are measured at amortised cost.

The loan to subsidiary undertaking bears interest at average cost of external finance to the group for the year plus a margin of 0.1667% per annum. The interest rate charged for the year was 5.113% (2018: 5.948%). This loan is subordinated to the bank debt owed by the subsidiary to its lender, and which is repayable in December 2026. Prepayments can be made by the subsidiary provided no bank loan default of any type is continuing or would result from the repayment.

All debtors due after more than one year are measured at amortised cost.

### 9 CREDITORS: Amounts falling due within one year

	2019	2018
	£'000	£'000
Amounts owed to group undertakings	-	50,594
Accruals and deferred income	4	5
	<u>4</u>	<u>50,599</u>

### 10 CREDITORS: Amounts falling due after more than one year

	2019	2018
	£'000	£'000
Amounts owed to group undertakings	<u>48,423</u>	<u>-</u>

The loan from the parent Company is available until December 2026 and bears interest at 5.113% per annum (2018: 5.948% per annum) which is the average cost of finance to the group plus a margin of 0.1667% per annum. Prepayments are permitted to the extent any such prepayment does not cause a breach of the bank loan agreement entered into by the Company's subsidiary undertaking, Edwardian Hotel Investments Ltd.

Although the loan from the parent Company was available on long term basis, there were no written terms at 31 December 2018 confirming this therefore this loan was classified as a current liability in the financial statement for the year ended 31 December 2018.



# EDWARDIAN INVESTMENTS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 11 CAPITAL AND RESERVES

Allotted, Called Up and Fully paid:

	2019 £'000	2018 £'000
7,501 Ordinary shares of £1 each	<u>8</u>	<u>8</u>

There is a single class of ordinary shares and each share carries one vote. There are no restrictions on the distribution of dividends and the repayment of capital.

There have been no movements in the number of shares in issue at the beginning and the end of the year in 2019 or 2018.

#### Revaluation Reserve

Where investments are revalued, the cumulative increase in the fair value of the investments at the balance sheet date in excess of any previous impairment losses is included in the revaluation reserve.

### 12 GUARANTEES AND CONTINGENT LIABILITIES

The Company is included within a normal group value added tax registration. All companies within the registration are jointly and severally liable for the total value added tax due by the group, which at 31 December 2019 amounted to £2.0 million (2018: £3.1million).

### 13 RELATED PARTY TRANSACTIONS

As the Company is a wholly owned subsidiary of Edwardian Group Limited, the Company has taken advantage of the exemption contained in FRS 102.33 and has therefore not disclosed transactions on balances with entities which form part of the group headed by Edwardian Group Limited.

The directors confirm that there are no other related party transactions other than those disclosed in these financial statements, or from which disclosure exemption was taken, based on FRS 102.33.

### 14 ULTIMATE PARENT COMPANY

The Company is a wholly owned subsidiary of Edwardian Group Limited, a Company registered in England and Wales, which is also the ultimate parent and controlling Company for the group.

Verite Trust Company Limited and Jemma Trust Company Limited, as trustees of a number of trusts established in Jersey of which Jasmininder Singh and his family are discretionary beneficiaries, jointly hold 86.07% (2018: 69.25%) of the ordinary shares in the ultimate parent and are thus considered as jointly controlling the ultimate parent. Jasmininder Singh owns 6.89% (2018: 5.28%) of the ordinary shares in the ultimate parent personally.

These financial statements have been consolidated in the financial statements of Edwardian Group Limited, which is the only group in which the results of the Company are consolidated. The consolidated financial statements can be obtained from 140 Bath Road, Hayes, Middlesex, UB3 5AW.