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Outer Cover:
Design board for the new bar at the Caledonian Hotel, damaged by the fire on 4 October 2019. The Phoenix will open on 3 December 2020.

CHAIRMAN'S STATEMENT

I last wrote to Shareholders on 10 February 2020 when I reported on the half year results. The snap election slowed our sales growth somewhat in October, November and the beginning of December resulting in a year-end sales growth of 0.3% as opposed to 3% at the half year. Clearly this has had an effect on the year-end outcome.

Revpar increased 1.1% with occupancy up 0.64% and average room rate up 0.47%.

In line with the Company's strategy net debt decreased £452,439 in the year.

Highlights

- Turnover increased 0.3% to £15,630,531 (2019: £15,589,485).
- Operating Profit, down 27.6% to £419,945 (2019: £579,977).
- EBITDA, decreased 15.8% to £1,163,952 (2019: £1,382,875).
- Net debt decreased £452,439.
- Profit before tax was £17,898 (2019: £179,203).
- Basic and diluted earnings per share of 0.2p (2019: 1.5p).

Shareholders should be aware that we are now unable to reach out to individual Shareholders who hold their shares within Nominees. Therefore Company information is reliant on the Nominee passing on the information to the individual Shareholder. Should you wish us to write directly to you in the future please send us your full address.

I have assured Shareholders that we will continue to hold our AGM each year and this will be held midday at the George Hotel in Wallingford on Thursday 17 December 2020 subject to COVID-19 restrictions.

The Board would like to take this opportunity of thanking the management and staff of Peel Hotels for their contribution to the business and for the safety and wellbeing of their guests.

We are always delighted to welcome Shareholders to our hotels where they can see for themselves the progress we continue to make, whilst enjoying a beneficial discount. The discount for Shareholders is 50% of our rack rate tariff using the special reservation number 0207 266 1100 or e-mail info@peelhotel.com. Shareholders can also keep in touch with progress in the Group and various promotional activities by visiting our website www.peelhotels.co.uk

Shareholders will be acutely aware of the Pandemic, which has been evident since early March 2020 and the catastrophic impact it has had on business and in particular the Service Industry. Eight of our nine hotels have been closed since late March up until 4 July costing the Company some £6 million sales and the loss of some £1.5 million cash up until 9 August 2020.

In the first half year ending 9 August 2020 our sales were down £5,691,714 on the comparative period at £2,644,856 (2019: £8,356,570) and our EBITDA was a loss of £1,328,097 (2019: profit £563,091).

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

CHAIRMAN'S STATEMENT

Our insurance claim in regard to the Caledonian Hotel, Newcastle, is running at over £2,000,000. The vast majority of this claim has been signed off by our Insurers. Business Interruption is still being claimed, albeit with social distancing in place, in our food and beverage outlets. There have obviously been no claims whilst we were closed from 21 March to 03 July 2020. Shareholders can expect a significant uptick in value when all the works are completed.

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

We have renegotiated our loan with the Bank on a capital repayment basis over the next year and as a consequence, we are now covenant compliant.

We have managed a modest EBITDA profit in the first period of the second half of the current year which hopefully is the first step to what inevitably will be a slow recovery. We are not confident that there will be the normal pre-Christmas trading due to social distancing and therefore we have planned to staff accordingly which regrettably will mean some redundancies.

I think the best that we can hope for is loss containment in the second half of this year but would then expect to improve on 2019/2020 EBITDA in Financial Year 2021/2022.

Robert Peel
Chairman
30 October 2020

DIRECTORS AND ADVISERS

Directors

Robert Edmund Guy Peel	Executive Chairman
Nicholas David Lawton Parrish	Financial Director
Haydn Herbert James Fentum	Non-executive Director

Secretary
Thrings Company Secretarial Limited
20 St Andrew Street, London EC4A 3AG

Registered Office
7th Floor, 20 St Andrew Street, London EC4A 3AG

Company registration number 3473990

Auditor
Armstrong Watson Audit Limited
10 South Parade, Leeds, LS1 5QS

Bankers
Allied Irish Bank Plc, Berkeley Square House,
Mayfair, London W1J 6BR

Registrars
Computershare Investor Services PLC
The Pavilions, Bridgewater Road, Bristol BS13 8AE

Peel Hotels Limited Trading Platform
Asset Match Limited
1 Bow Lane, London EC4M 9EE

Solicitors
Thrings LLP 20 St Andrew Street, London EC4A 3AG

STRATEGIC REPORT

The Directors present the Strategic Report of the Group for the year ended 26 January 2020.

Review of the business

RESULTS

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

The financial year ended 26 January 2020 has been a very challenging year for the Group with hotel revenues increasing by 0.3% to £15,630,531 (2019: £15,589,485). Hotel gross profit before depreciation and Group administration expenses decreased 15.4% to £1,728,694 (2019: £2,042,874). EBITDA, decreased 17.2% to £1,145,582 (2019: £1,382,875).

Profit before tax was £17,898 (2019: £179,203).

REVPAR (accommodation revenue per available room) was up 1.1% with occupancy up 1.0% and average room rate up 0.1%.

Administration expenses increased 20.5%. Depreciation and amortisation decreased 9.6%.

FINANCE

As at 26 January 2020 net debt stood at £8,517,752 (2019: £8,970,191) representing loans totalling £8,828,849 (2019: £9,284,844) less £311,097 (2019: £314,653) cash at bank and in hand. Gearing on Shareholders' funds was 36.5% with interest covered 1.1 times. Net debt decreased by £452,439 compared with the previous year.

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

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

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

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

STRATEGIC REPORT

COVID-19

The Directors have considered the COVID-19 pandemic as a non-adjusting event as at the balance sheet date the business continued to take and honour reservations, there had yet to be a World Health Organisation announcement of a worldwide health emergency, there were no known UK cases or government interventions that were impacting the UK hospitality and leisure sector and finally we had limited to no reliance from supplies or revenue from overseas territories (e.g. China).

Subsequent to that COVID-19 has impacted the Group including:

- A reduction in trade and bookings (please see the Chairman's statement on pages 2 and 3).
- The implementation of social distancing and safeguarding measures that have impacted capacity but protected the health and wellbeing of our customers and staff.
- On-going negotiations with the bank and a restructuring of the Group's assets (namely the disposal of the Cosmopolitan Hotel) to ensure the financial viability and sustainability of the Group.

CAPITAL EXPENDITURE

£518,141 (2019: £461,433) We installed new central heating boilers and expanded the main ballroom's dance floor in order to be able to accommodate ballroom dancing groups at the Midland Hotel in Bradford. Twenty bedrooms were refurbished at the George Hotel in Wallingford. We replaced 30% of the bedroom carpets at the Norfolk Royale Hotel in Bournemouth. We installed new hot water boilers at the Crown and Mitre Hotel in Carlisle. In the knowledge that significant sums of money are and will be spent in the fire damaged areas of the Caledonian Hotel in Newcastle (approximately 40% of the square footage of the Hotel), we have spent and are currently spending substantial monies on ensuring that the non-damaged areas are brought up to the highest possible standard.

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

In addition to Capital Expenditure £592,128 (2019: £564,075) was spent on repairs and renewals which help us ensure that we are constantly and consistently maintaining and improving our product. Proof of which is the continuing improvements in ratings of each Hotel assessed by the Automobile Association.

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

STRATEGIC REPORT

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

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

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

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

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

By order of the board
Thrings Company Secretarial Limited
Secretary
30 October 2020

DIRECTORS' REPORT

The Directors present their report and the financial statements of the Group for the year ended 26 January 2020.

Results and dividends

The profit for the year after tax amounted to £5,210 (2019: £212,831). The Directors recommend that no dividend be paid (2019: nil).

Executive Directors

Robert Peel, age 73, was appointed on 25 November 1997.

Nicholas Parrish, age 61, was appointed on 19 October 2012.

Robert Peel held executive positions in the hotel industry for more than 20 years before joining Peel Hotels. Nick Parrish joined Peel Hotels in 1998 as Group Accountant and has acted as Head of Finance since 2007.

Non-executive Directors

Haydn Fentum, age 50, was appointed on 22 July 2016. He is also Chief Executive of Bespoke Hotels.

All Directors served throughout the year.

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

Property, plant and equipment

Movements on property, plant and equipment are set out in note 9 to the financial statements.

Employees

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

Statement of Directors' responsibilities

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

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

DIRECTORS' REPORT

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

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

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

Directors' and Officers' liability insurance

The Group has purchased Directors' and Officers' liability insurance.

Financial risk management

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

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

We have renegotiated our Loan with the Bank on a Capital repayment basis over the next year and as a consequence, we are now covenant compliant.

Annual General Meeting

The notice convening the Annual General Meeting to be held at The George Hotel, Wallingford on Thursday 17 December 2020 at 12 noon will be circulated in due course.

Annual General Meeting resolutions

The usual ordinary business will be considered, including receipt of the Group's Report and Financial Statements and re-appointing Armstrong Watson Audit Ltd as auditor.

Directors' recommendation

The Directors believe that all the resolutions being proposed are in the best interests of the Group, its Shareholders and employees. They recommend Shareholders to vote in favour of the resolutions, as they intend to do in respect of the shares beneficially owned by them.

When considering what action to take, Shareholders are advised to consult a stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000.

Auditor

The auditor, Armstrong Watson Audit Ltd, has indicated a willingness to be re-appointed and a resolution will be proposed at the Annual General Meeting to re-appoint Armstrong Watson Audit Ltd.

Registered Office
7th Floor
20 St Andrew Street,
London EC4A 3AG

By order of the board
Thrings Company Secretarial Limited
Secretary
30 October 2020

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

Opinion

We have audited the financial statements of Peel Hotels Limited (the 'Company') for the year ended 26 January 2020, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 26 January 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' 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.

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us;

  or
- the financial statements are not in agreement with the accounting records and returns;

  or
- certain disclosures of Directors' remuneration specified by law are not made;

  or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 8, 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.

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

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

Use of our report

This report is made solely to the Company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.

Simon Turner (Senior Statutory Auditor)
for and on behalf of
Armstrong Watson Audit Limited
Statutory Auditors
Leeds
Date: 30 October 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 26 January 2020

	Note	£	2020 £	£	2019 £
Revenue			**15,630,531**		15,589,485
Cost of sales			**(13,901,837)**		(13,546,611)
Gross profit			**1,728,694**		2,042,874
Administration expenses		**(795,111)**		(659,999)	
Fixed Asset write off	**3**	**(250,000)**		–	
Depreciation	**9**	**(725,637)**		(802,898)	
Total administration expenses			**(1,770,748)**		(1,462,897)
Insurance income proceeds	**3**		**461,999**		-
Operating profit			**419,945**		579,977
Finance expense	**6**		**(402,047)**		(400,774)
Profit/(Loss) before tax			**17,898**		179,203
Income tax	**7**		**(12,688)**		33,628
Profit/(Loss) and total comprehensive income for the period attributable to owners			**5,210**		212,831

There were no recognised gains or losses for 2020 or 2019 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income 2020 (2019: nil)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the years ended 26 January 2020 and 27 January 2019

Year ended 26 January 2020

	Share Capital £	Share premium account £	Profit and loss account £	Total £
Balance brought forward at 28 January 2019	1,401,213	9,743,495	12,143,946	23,288,654
Profit and total comprehensive Income for the period	–	–	5,210	5,210
Transaction with owners				
Dividend	–	–	–	–
Balance at 26 January 2020	1,401,213	9,743,495	12,149,156	23,293,864

Year ended 27 January 2019

	Share Capital £	Share premium account £	Profit and loss account £	Total £
Balance brought forward at 29 January 2018	1,401,213	9,743,495	11,931,115	23,075,823
Profit and total comprehensive Income for the period	–	–	212,831	212,831
Transaction with owners				
Dividend	–	–	–	–
Balance at 27 January 2019	1,401,213	9,743,495	12,143,946	23,288,654

COMPANY STATEMENT OF CHANGES IN EQUITY

for the years ended 26 January 2020 and 27 January 2019

Year ended 26 January 2020

	Share Capital £	Share premium account £	Profit and loss account £	Total £
Balance brought forward at 28 January 2019	1,401,213	9,743,495	9,598,494	20,743,202
Loss and total comprehensive Income for the period	–	–	(158,209)	(158,209)
Transaction with owners				
Dividend	–	–	–	–
Balance at 26 January 2020	1,401,213	9,743,495	9,440,285	20,584,993

Year ended 27 January 2019

	Share Capital £	Share premium account £	Profit and loss account £	Total £
Balance brought forward at 29 January 2018	1,401,213	9,743,495	9,804,353	20,949,061
Profit and total comprehensive Income for the period	–	–	(205,859)	(205,859)
Transaction with owners				
Dividend	–	–	–	–
Balance at 27 January 2019	1,401,213	9,743,495	9,598,494	20,743,202

CONSOLIDATED BALANCE SHEET

at 26 January 2020

	Note	2020 £	2019 £
Fixed assets			
Property, plant and equipment	9	**33,539,043**	33,764,910
Total Fixed assets		**33,539,043**	33,764,910
Current assets			
Inventories	10	**111,232**	118,380
Trade and other receivables	11	**1,154,768**	988,770
Cash and cash equivalents		**311,097**	314,653
Total current assets		**1,577,097**	1,421,803
Creditors: amounts falling due within one year	12	**(11,107,431)**	(11,186,970)
Net current assets		**(9,530,334)**	(9,765,167)
Provision for liabilities			
Deferred tax	14	**(714,845)**	(711,089)
Net assets		**23,293,864**	**23,288,654**
Capital and reserves			
Share capital		**1,401,213**	1,401,213
Share premium		**9,743,495**	9,743,495
Profit and loss account		**12,149,156**	12,143,946
Total equity		**23,293,864**	23,288,654

The accompanying accounting policies and notes form an integral part of these financial statements.

Approved and authorised for issue by the Board 30 October 2020

Robert Peel, Director
Nicholas Parrish, Director

Company number: 3473990

COMPANY BALANCE SHEET

at 26 January 2020

	Note	2020 £	2019 £
Fixed assets			
Property, plant and equipment	**9**	**31,785,726**	31,958,353
Investments	**8**	**3**	3
Total fixed assets		**31,785,729**	31,958,356
Current assets			
Inventories	**10**	**82,015**	84,090
Trade and other receivables	**11**	**916,338**	701,918
Cash and cash equivalents		**295,067**	315,804
Total current assets		**1,293,420**	1,101,812
Creditors: amounts falling due within one year	**12**	**(11,803,891)**	(11,621,734)
Net current assets		**(10,510,471)**	(10,519,922)
Provision for liabilities			
Deferred tax	**14**	**(690,265)**	(695,232)
Net assets		**20,584,993**	20,743,202
Capital and reserves			
Share capital		**1,401,213**	1,401,213
Share premium		**9,743,495**	9,743,495
Profit and loss account		**9,440,285**	9,598,494
Total equity		**20,584,993**	20,743,202

The profit and loss account figure includes a loss for the year of **£158,209** (2019: loss of £205,859). The accompanying accounting policies and notes form an integral part of these financial statements.

Approved and authorised for issue by the Board 30 October 2020

Robert Peel, Director
Nicholas Parrish, Director

Company number: 3473990

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 26 January 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit/(loss) for the year	**5,210**	212,831
Adjustments for:		
Financial income	**–**	–
Financial expense	**402,047**	400,774
Fixed asset write off	**250,000**	–
Income tax	**12,688**	(33,628)
Depreciation	**725,637**	802,898
Cash flows before changes in working capital and provisions	**1,395,582**	1,382,875
UK corporation tax paid	**(31,866)**	(121,878)
Decrease/(Increase) in trade and other receivables	**(165,998)**	(143,712)
Increase/(Decrease) in trade and other payables	**399,390**	(764,023)
Decrease/(Increase) in inventories	**7,149**	(9,109)
Net cash from operating activities	**1,604,257**	344,153
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(749,771)**	(461,433)
Net cash outflow from investing activities	**(749,771)**	(461,433)
Cash flows from financing activities		
Interest paid	**(402,047)**	(355,344)
New Loan	**–**	–
Loan repayments	**(455,995)**	(500,000)
Net cash outflow from financing activities	**(858,042)**	(855,344)
Net decrease in cash and cash equivalents	**(3,556)**	(972,624)
Cash and cash equivalents at the beginning of the period	**314,653**	1,287,277
Cash and cash equivalents at the end of the period	**311,097**	314,653

NOTES

(forming part of the financial statements)

1 General information

Peel Hotels Limited is a private company limited by shares and was incorporated in the United Kingdom. The Company's registered number is 3473990 and its registered office is 7th Floor, 20 St Andrew Street, London EC4A 3AG.

2 Accounting policies

2.1 Basis of preparation of financial statements

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

The following principal accounting policies have been applied:

2.2 Revenue

Revenue comprises revenue from the sale of goods and the rendering of services.

Revenue is measured by reference to the amounts of consideration received or receivable by the Group for goods supplied and services provided, excluding sales tax, rebates, and trade discounts.

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

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

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

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

2.3 Going concern

In common with hospitality businesses across the country, the measures announced by the UK government in March 2020, in response to COVID-19, forcing the Company to temporarily close its doors and amend its operating model, have had a material impact on the Company's post year end trading performance. The Company also breached loan covenants during the year.

In spite of this the Directors are confident that the Company remains a going concern and do not see the impact of government restrictions as a material uncertainty over their ability to do so.

The Directors are of this opinion as:

- Certain assets have been disposed of post year end. This has enabled third party debt commitments to reduce and a resetting of covenants and financial obligations. The Company are therefore now covenant compliant.
- A new £2,500,000 CBILS facility, which is interest free for the first year with extended payment terms, has been obtained.
- These have allowed for the production of cash flows and profit and loss forecasts at a reduced occupancy and operating model, showing sufficient cash inflows to cover committed outflows.

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

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

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

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives, on leases entered into before the date of transition to the standard 01 January 2018, to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.5 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

2.6 Finance costs

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

2.7 Pensions

Defined contribution pension plan

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

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

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.9 Tangible fixed assets

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

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

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

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

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.10 Valuation of investments

Investments in joint ventures are measured at cost less accumulated impairment.

2.11 Stocks

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

At each reporting date, stocks are assessed for impairment. If stock is impaired, the impairment loss is recognised immediately in the profit and loss.

2.12 Debtors

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

2.13 Cash and cash equivalents

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

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.14 Creditors

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

2.15 Financial instruments

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

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.17 Basis of consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiaries as at 26 January 2020. All subsidiaries have a reporting date of 26 January 2020. Peel Hotels Ltd work to a 364 day financial year, hence the previous financial year end was 27 January 2019. Subsidiaries are all entities over which the Group has the power to direct activities, has rights to variable returns from its investment and has the ability to affect the amount of return received, generally accompanying a shareholding of more than 50% of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. All subsidiaries share the same reporting date as the Company.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

2.18 Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred by the Company to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed, including contingent liabilities, in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

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

The preparation of financial statements, in conformity with FRS102, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, and associated assumptions, are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Property, plant and equipment: The assessment of the useful economic lives requires judgement in order that depreciation can be charged over the life selected. This also includes the assessment of the level of residual value that will be attributed to assets. Also, judgement is required in determining whether the carrying values of the assets have any indication of impairment and, if so, whether these values can be supported by the net present value of future cash flows to be derived from the asset.

In making these assessments the Directors have considered the impact of COVID-19. As outlined, on page 5 within the Strategic Report, the Directors have considered at the balance sheet date that the impact of the COVID-19 pandemic is not an adjusting event. As a result no impairment due to COVID-19 impacting either a change in market value or the net present value of future cash flows has been recognised in these accounts. If the balance sheet had been prepared to a later date alternative outcomes or judgements may have arisen, an example being the disposal of the Cosmopolitan Hotel as described on page 5.

Classification of leases: The classification of leases requires judgement in order that they may properly be classified as finance leases or operating leases. This judgement involves assessment of all the terms and conditions of the lease to ascertain whether the Group bears substantially all the risks and rewards related to the ownership of the leased. The following principal accounting policies have been applied consistently to all periods presented in these financial statements.

NOTES

3 Expenses and auditor's remuneration

Included in profit are the following:

	2020 £	2019 £
Insurance income proceeds	**461,999**	–
Depreciation	**725,637**	802,898
Repairs and renewals - hotels	**592,128**	564,075
Repairs and renewals - other	**20,944**	19,758
Fixed asset write off	**250,000**	–
Lease payments - land and buildings	**760,447**	733,587
Lease payments - plant and equipment	**245,084**	236,890

Following a fire at the Caledonian Hotel the Group received related insurance proceeds of £461,999 in the financial year.

Auditor's remuneration:

	2020 £	2019 £
Auditor's remuneration for audit services	**28,000**	40,800
Other services		
Remuneration for tax compliance services	**–**	12,650
Auditor's review of interim accounts	**–**	4,500
Audit - Group pension scheme	**–**	700

Audit fees in the current year relate to Armstrong Watson Audit Limited. Prior year fees relate to Grant Thornton UK LLP.

4 Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	Number of employees 2020	2019
Directors	**3**	4
Other employees	**406**	397
	409	401

The aggregate payroll costs of these persons were as follows:

	2020 £	2019 £
Wages and salaries	**5,837,966**	5,646,042
Social security costs	**367,870**	348,544
Pension costs	**51,319**	53,478
	6,257,155	6,048,064

5 Remuneration of Directors

	2020 £	2019 £
Directors' emoluments	**138,592**	138,517
Group contributions to money purchase pension schemes	**6,457**	6,457
	145,049	144,974

The aggregate of emoluments of the highest paid Director was £72,780 (2019: £72,742) and company pension contributions of £6,457 (2019: £6,457) were made to a personal pension scheme on his behalf. The total employer's national insurance paid in respect of Directors was £15,376 (2019: £15,464).

There were no (2019: nil) members of key management other than the Directors of the Group.

6 Finance expense

Recognised in profit or loss

	2020 £	2019 £
Interest on long term bank loan	**319,348**	323,484
Bank charges, fees and instrument costs	**82,699**	77,290
	402,047	400,774

NOTES

7 Income tax expense

Recognised in profit or loss

	2020 £	2019 £
Current tax expense		
Current year	**22,060**	82,100
Adjustments for prior years	**(13,128)**	(2,808)
	8,932	79,292
Deferred tax expense		
Origination and reversal of temporary differences	**(5,246)**	(32,828)
Adjustments for prior years	**9,002**	(80,092)
Effect of rate change	**–**	–
	3,756	(112,920)
Total tax on profit	**12,688**	(33,628)

Reconciliation of effective tax rate

	2020 £	2019 £
Profit/(Loss) before tax for the year	**17,898**	179,203
Tax using the UK corporation tax rate of 19% (2019: 19%)	**3,403**	34,049
Non-deductible expenses	**3,157**	19,610
Rate difference	**–**	3,862
Fixed asset differences	**22,472**	–
Under/(over) provided in prior years	**(13,128)**	(82,900)
Additional deduction for land remediation expenditure	**(2,921)**	–
Deferred tax not recognised	**(9,933)**	(8,249)
Under/(over) provided in prior years (deferred tax)	**9,002**	–
Adjust closing deferred tax to average rate	**(84,100)**	–
Adjust opening deferred tax to average rate	**84,736**	–
Total tax expense	**12,688**	(33,628)

8 Fixed asset investments

	Shares in Group undertakings £
Cost and net book value	3

The Company's principal subsidiary undertakings, each of whom are wholly owned, are as follows:

	Principal activity	Country of registration
Crown & Mitre (Carlisle) Limited	*Operation of hotel*	*England and Wales*
Strathdon (Nottingham) Limited	*Operation of hotel*	*England and Wales*
King Malcolm (Dunfermline) Limited	*Operation of hotel*	*England and Wales*

As a consolidated statement of comprehensive income is published, a separate statement of comprehensive income for the Parent Company is omitted from the Group financial statements by virtue of section 408 of the Companies Act 2006. The loss dealt with in the financial statements of the Parent Company was **£158,209** (2019: £205,859 loss).

9 Property, plant and equipment

Group

	Land and buildings £	Plant and machinery £	Furniture, furnishings and equipment £	Total £
Cost				
Balance at 27 January 2019	34,030,440	3,890,349	3,351,930	**41,272,719**
Additions	31,843	134,774	351,524	**518,141**
Additions re Caledonian Hotel	201,630	30,000	–	**231,630**
Fixed assets written off	(416,667)	–	–	**(416,667)**
Fully depreciated items	–	(570,220)	(503,163)	**(1,073,383)**
Balance at 26 January 2020	33,847,246	3,484,903	3,200,291	**40,532,440**
Depreciation				
Balance at 27 January 2019	2,653,030	2,988,369	1,866,410	**7,507,809**
Provision for the year	99,910	224,942	400,785	**725,637**
Transfer between categories	(202,909)	496,108	(293,199)	**–**
Fixed assets written off	(166,667)	–	–	**(166,667)**
Fully depreciated items	–	(570,220)	(503,163)	**(1,073,383)**
Balance at 26 January 2020	2,789,182	2,146,983	2,057,231	**6,993,396**
Net book value				
At 27 January 2019	31,377,410	901,980	1,485,520	**33,764,910**
At 26 January 2020	**31,462,882**	**345,704**	**1,729,458**	**33,539,044**

9 Property, plant and equipment

Company

	Land and buildings £	Plant and machinery £	Furniture, furnishings and equipment £	Total £
Cost				
Balance at 27 January 2019	31,136,181	3,386,697	2,393,070	**36,915,948**
Additions	30,314	101,000	298,656	**429,970**
Caledonian Insurance claim	201,630	30,000	–	**231,630**
Fixed assets written off	(416,667)	–	–	**(416,667)**
Fully depreciated items	–	(551,497)	(424,564)	**(976,061)**
Balance at 26 January 2020	30,951,458	2,966,200	2,267,162	**36,184,820**
Depreciation				
Balance at 27 January 2019	852,113	3,164,039	941,442	**4,957,594**
Provision for the year	57,426	328,999	197,803	**584,228**
Fixed assets written off	(166,667)	–	–	**(166,667)**
Fully depreciated items	–	(551,497)	(424,564)	**(976,061)**
Balance at 26 January 2020	742,872	2,941,541	714,681	**4,399,094**
Net book value				
At 27 January 2019	**30,284,068**	**222,658**	**1,451,628**	**31,958,354**
At 26 January 2020	**30,208,586**	**24,659**	**1,552,481**	**31,785,726**

On 27 August 2020 one of the Group's estate was disposed of for £4,350,000 compared to a net book value of £4,804,000. This will give rise to a post year-end loss of disposal of £454,000. In line with note 2.19 this post year-end sale was not considered an adjusting post balance sheet event with regards it representation of market value. Equally the asset was not being actively marketed at the balance sheet date.

Whilst acknowledging that post year end trade has seen a downturn in cash generation the directors believe that given the nature of the assets and initial enquiries on other hotels from potential acquirers that the loss on disposal that has arisen is reflective of the characteristics of that transaction and is not an indicator a wider impairment issue.

The Directors are aware of their responsibilities to continue to monitor and assess the carrying value of property, plant and machinery and will complete a further formal impairment review, taking account of the impact of the COVID-19 pandemic, for the coming financial year.

NOTES

10 Inventories

Inventories comprise food and liquor.

The cost of consumed inventories in the year recognised as an expense and included in cost of sales is £1,801,717 (2019: £1,856,244).

11 Trade and other receivables

	Group 2020 £	Group 2019 £	**Company 2020 £**	Company 2019 £
Trade receivables	**236,074**	332,450	**200,916**	226,276
Prepayments and accrued income	**918,694**	656,320	**715,771**	472,160
Current tax asset	**–**	–	–	3,482
	1,154,768	988,770	**916,687**	701,918

12 Trade and other payables

	Group 2020 £	Group 2019 £	**Company 2020 £**	Company 2019 £
Trade payables	**1,147,273**	641,850	**821,485**	490,341
Social security and other taxes	**311,807**	310,519	**284,028**	282,776
Accruals and deferred income	**814,109**	921,430	**837,819**	816,567
Amounts due to group companies	**–**	–	**1,010,168**	747,206
Borrowings	**8,828,849**	9,284,844	**8,828,849**	9,284,844
Current tax liabilities	**5,393**	28,327	**21,542**	–
	2,273,189	1,873,799	**2,953,500**	2,336,890

13 Borrowings

	Group 2020 £	Group 2019 £	**Company 2020 £**	Company 2019 £
Financial liabilities measured at amortised cost:				
Current				
Bank loans	**8,828,849**	9,284,844	**8,828,849**	9,284,844
Other loans	**–**	–	**–**	–
	8,828,849	9,284,844	**8,828,849**	9,284,844

The bank loan is secured by a debenture dated 19 September 2017 over the Group's properties.

As detailed in the Strategic Report on page 5, the Company was in breach of loan covenants at the year end, therefore the remaining balance of the bank loan has been classified as a current liability at the balance sheet date. However the Company has renegotiated its' loan with the bank and is now covenant compliant and therefore the loan will be split between current and non-current liabilities at future reporting dates.

14 Deferred tax

	Group 2020 £	Group 2019 £	**Company 2020 £**	Company 2019 £
Deferred tax liability				
At start of year	**711,089**	824,009	**695,232**	811,767
Income statement charge:				
Origination and reversal				
of temporary differences	**3,756**	(112,920)	**(4,967)**	(116,535)
Changes in rates	**–**	–	**–**	–
At end of year	**714,845**	711,089	**690,265**	695,232

15 Share options

The Company has previously granted share options to employees of the Company. Such options were exercisable at a price established at the date the option is granted. The vesting period was three years. If the options remain unexercised after a period of ten years from the date of grant, the options expire. Options are forfeited if the employee leaves the Company before the options vest. All share options have now expired.

16 Financial instruments

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

- credit risk
- interest rate risk
- market risk

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

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

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

Credit risk

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

Trade and other receivables

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

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

Financial assets and liabilities

Summary of financial assets and liabilities by category:

Financial assets measured at amortised cost

	Group 2020 £	Group 2019 £	**Company 2020 £**	Company 2019 £
Cash and cash equivalents	**311,097**	314,653	**295,067**	315,804
Trade and other receivables excluding prepayments	**236,074**	332,450	**200,916**	226,276
	547,171	647,103	**495,983**	542,080

Financial liabilities measured at amortised cost

	Group 2020 £	Group 2019 £	**Company 2020 £**	Company 2019 £
Current				
Trade and other payables	**1,961,383**	1,563,278	**1,943,332**	1,307,072
Borrowings	**8,828,849**	9,284,844	**8,828,849**	9,284,844
Amounts owed to group companies	**–**	–	**1,010,168**	747,206
Non-current				
Borrowings	**–**	–	**–**	–
	10,790,232	10,848,122	**11,782,349**	11,339,122

Interest rate risk

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

The Group is not materially exposed to changes in interest rates at 26 January 2020.

Currency risk

The Group has no material foreign currency risk.

Fair values of non-derivative financial instruments

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

Market rate risk

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

17 Operating leases

The minimum operating lease payments are as follows:

Group

	2020 Land and buildings £	2019 Land and buildings £	**2020 Plant and machinery £**	2019 Plant and machinery £
Within one year	**807,552**	737,356	**245,084**	236,890
Within one to five years	**3,062,476**	2,781,692	**245,084**	236,890
After five years	**23,504,313**	23,665,768	**–**	–
	27,374,341	27,185,816	**490,168**	473,780

Company

	2020 Land and buildings £	2019 Land and buildings £	**2020 Plant and machinery £**	2019 Plant and machinery £
Within one year	**147,434**	134,738	**182,220**	174,536
Within one to five years	**422,004**	371,220	**182,220**	174,536
After five years	**3,481,533**	3,155,370	**–**	–
	4,050,971	3,661,328	**364,440**	349,072

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

18 Capital commitments

Amounts contracted for, but not provided, in these financial statements amounted to £25,000 (2019: £25,000).

19 Related parties

During the year insurance premiums of £185,963 (2019: £174,935) were paid to T L Dallas & Co Ltd in which Robert Peel is a shareholder, and there is a £nil outstanding balance at the year end (2019: £nil).

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

The Company has taken advantage of the exemption from disclosing transactions with other members of the Group.

20 Post balance sheet events

In preparing the financial statements, the directors have considered the impact of the Coronavirus pandemic. Since the widespread transmission of Coronavirus did not arise until after the year end, the directors, in line with relevant guidance, consider the Coronavirus pandemic and its subsequent impact on the UK economy to be a non-adjusting post balance sheet event. Accordingly, no adjustments have been made to the financial statements as a result of the Coronavirus pandemic.

21 GAAP transition

On 18 October 2019 the Group delisted from AIM. Having done so the Group was no longer required to prepare IFRS financial statements. As such the Group have adopted FRS 102 UK GAAP accounting principles.

In doing so there have been no remeasurement or accounting estimate changes as a result of GAAP differences. This is because the Group does not have items such as goodwill, intangibles, complex financial instruments nor had it made adjustments for IFRS 15, IFRS 6 or IFRS 9.

Therefore the comparative period profit and loss account and net assets show no change year on year as a result of the GAAP transition.

HOTEL DIRECTORY

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Location	Hotel	Rating	Rooms	Telephone	Facsimile
Bournemouth	The Norfolk Royale Hotel	★★★★	95	01202 551521	01202 299729
Bradford	Midland Hotel	★★★	90	01274 735735	01274 720003
Carlisle	Crown & Mitre Hotel	★★★	91	01228 525491	01228 514553
Newcastle upon Tyne	Caledonian Hotel	★★★	89	0191 2817881	0191 2816241
Peterborough	Bull Hotel	★★★★	118	01733 561364	01733 557304
Wallingford	George Hotel	★★★	39	01491 836665	01491 825359
	Total of 6 Hotels		522		

For reservations at any Peel Hotel call **0207 266 1100**

or log onto our web site on **www.peelhotels.co.uk**

e-mail – info@peelhotel.com