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CHAIRMAN'S STATEMENT

The shortfall in EBITDA to the prior year in the first three periods was always going to be difficult to make up as the year progressed resulting in another disappointing year end result. However, the second half year produced a sustained improvement in trading performance which has continued up and until week 24 of the current financial year.

In the second half of the year sales increased 0.6% and hotel profit, after depreciation and before group overheads increased 15.2%, over the prior year.

In the 20 weeks of the current financial year turnover has increased 2.7% and hotel profit, after depreciation and before group overheads has increased 40.6% and REVPAR has increased 3%.

Highlights

- Turnover decreased 3.2% to £15,589,485 (2018: £16,097,313).
- Operating Profit, excluding the exceptional expense of £1,161,241 in the previous year, down 35.1% to £579,977 (2018: £893,115). Operating Profit including the exceptional expense in the previous year £579,977 (2018: loss of £268,126) on a statutory basis.
 - EBITDA, excluding the exceptional expense in the previous year, decreased 24.6% to £1,382,875 (2018: £1,833,611).
- Net debt increased £516,629 due in part to a timing difference in a VAT payment.
- Profit before tax was £179,203 (2018: loss £734,986, including the exceptional expense of £1,161,241 due to the impairment of the Net Book values of two leasehold properties). Basic and diluted earnings per share of 1.5p (2018: -6.0p).

PROPOSED CANCELLATION OF ADMISSION OF ORDINARY SHARES TO TRADING ON AIM

The Board have concluded that there is no need to continue with the cost, management time and the legal and regulatory obligations associated with maintaining the Company listing as long as Shareholders interests are protected (through annual buybacks, balance sheet and bank permitting) and that there is no risk of Shareholders losing any tax advantages. There is no prospect of the Company wishing to raise money on the market in the foreseeable future and therefore there seems little purpose in continuing to be listed. There is a circular enclosed with the notice of the AGM which provides further details for shareholders.

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.

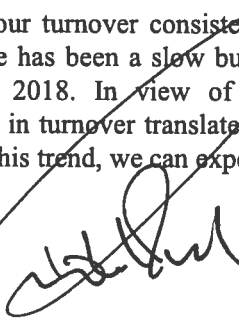
CHAIRMAN'S STATEMENT

Norbert Petersen has decided to retire from the Board after over twenty years of steadfast service and we thank him for his contribution as well as wishing a happy, healthy and peaceful retirement.

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

Having seen our turnover consistently decline since August 2016 (the time of the Brexit decision) there has been a slow but sustained improvement in sales and hotel profitability since August 2018. In view of the high operational gearing of the business small improvements in turnover translate to much higher percentages of hotel profitability. If we can maintain this trend, we can expect our EBITDA and Profits to move forward.

Robert Peel
Chairman



02 August 2019

DIRECTORS AND ADVISERS

Directors

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

Grant Thornton UK LLP
No. 1 Whitehall Riverside, Leeds, LS1 4BN

Bankers

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

Registrars

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

Solicitors

Thrings LLP 20 St Andrew Street, London EC4A 3AG

Nominated Adviser and Stockbroker

Peel Hunt LLP
Moor House, 120, London Wall, London EC2Y 5ET

STRATEGIC REPORT

The Directors present the Strategic Report of the Group for the year ended 27 January 2019.

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 27 January 2019 has been a very challenging year for the Group with hotel revenues decreasing by 3.2% to £15,589,485 (2018: £16,097,313). Hotel gross profit before depreciation and Group administration expenses decreased 18.6% to £2,042,874 (2018: £2,508,933). EBITDA, excluding the exceptional expense in the previous year, decreased 24.6% to £1,382,875 (2018: £1,833,611).

Profit before tax was £179,203 (2018: loss £734,986, including the exceptional expense due to impairment of the Net Book Values of two leasehold properties of £1,161,241).

REVPAR (accommodation revenue per available room) was down 0.9% with occupancy down 2.5% and average room rate up 1.8%.

Administration expenses decreased 2.3%. Depreciation and amortisation decreased 14.6%.

FINANCE

As at 27 January 2019 net debt stood at £8,970,191 (2018: £8,453,562) representing loans totalling £9,284,844 (2018: £9,740,839) less £314,653 (2018: £1,287,277) cash at bank and in hand. Gearing on Shareholders' funds was 38.5% with interest covered 1.4 times. Net debt increased by £516,629 compared with the previous year.

On 19 September 2017 the Company entered into a £9,900,000 five year term loan facility with Allied Irish Bank. This facility was used to repay the Company's previous facilities with Royal Bank of Scotland as well as the remaining balances of the Director's Loan and Loan Notes.

During the Financial Year, the Company breached its financial covenants, which breach resulted in the Company's Bank issuing a "Reservation of Rights" letter, reserving the Bank's position in relation to the breach of covenant, whilst also confirming the Bank's current intention not to exercise any of its rights in relation to the breach.

Whilst the Directors recognise that the breach of covenant, combined with a challenging trading outlook, results in material uncertainty for the Company and Group, and increases the possibility that the Company and Group may be unable to continue realizing its assets and discharging its liabilities in the normal course of business, which might impact upon the Company's and Group's ability to continue as a going concern, they are confident that the Company and Group have adequate resources to meet their commitments, for the reasons described below.

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

STRATEGIC REPORT

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.

CAPITAL EXPENDITURE

£461,433 (2018: £705,548) We refurbished bedrooms and upgraded air conditioning systems at the Bull Hotel in Peterborough. The corridors at the Crown and Mitre Hotel in Carlisle have been totally redecorated and refurbished. Work on bedroom renovation continues at the Midland Hotel in Bradford.

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 £564,075 (2018: £614,098) 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.

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

02 August 2019

DIRECTORS' REPORT

The Directors present their report and the financial statements of the Group for the year ended 27 January 2019.

Results and dividends

The profit for the year after tax amounted to £212,831 (2018: £844,272 loss). The Directors recommend that no dividend be paid (2018: nil).

Executive Directors

Robert Peel, age 72, was appointed on 25 November 1997.

Nicholas Parrish, age 60, 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

Norbert Petersen, age 72, was appointed on 8 September 1998.

Haydn Fentum, age 49, was appointed on 22 July 2016. He is also Chief Executive of Bespoke Hotels.

All Directors served throughout the year.

Directors' interests

	27 January 2019		28 January 2018	
	Shares Number	Options Number	Shares Number	Options Number
Robert Peel	5,496,900	–	5,496,900	–
Norbert Petersen	42,131	–	42,131	–
Nicholas Parrish	–	–	–	–

Substantial shareholdings

Save for the interests of Robert Peel, which are set out above, the Directors are aware of the following who were interested, directly or indirectly, in 3 percent or more of the Company's shares as at 27 January 2019.

	Number of Shares	Percentage of share capital
Charles Peel	3,248,471	23.2%
Value Investments Ltd	1,468,038	10.5%
David Urquhart	585,000	4.2%

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.

DIRECTORS' REPORT

Property, plant and equipment

Movements on property, plant and equipment are set out in note 11 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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

DIRECTORS' REPORT

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United

Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' and Officers' liability insurance

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

Financial risk management

On 19 September 2017 the Company entered into a £9,900,000 five year term loan facility with Allied Irish Bank. This facility was used to repay the Company's previous facilities with Royal Bank of Scotland as well as the remaining balances of the Director's Loan and Loan Notes.

During the Financial Year, the Company breached its financial covenants, which breach resulted in the Company's Bank issuing a "Reservation of Rights" letter, reserving the Bank's position in relation to the breach of covenant, whilst also confirming the Bank's current intention not to exercise any of its rights in relation to the breach.

Whilst the Directors recognise that the breach of covenant, combined with a challenging trading outlook, results in material uncertainty for the Company and Group, and increases the possibility that the Company and Group may be unable to continue realizing its assets and discharging its liabilities in the normal course of business, which might impact upon the Company's and Group's ability to continue as a going concern, they are confident that the Company and Group have adequate resources to meet their commitments, for the reasons described below.

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.

Credit, currency, liquidity and interest rate risk is dealt with in the Strategic Report.

DIRECTORS' REPORT

Annual General Meeting

The notice convening the Annual General Meeting to be held at The Norfolk Royale Hotel, Bournemouth on 19 September 2019 at 12 noon will be circulated in due course.

Annual General Meeting resolutions

A resolution will be proposed at the Annual General Meeting to cancel the admission to trading on AIM of the ordinary shares, in accordance with Rule 41 of the AIM Rules.

Subject to the cancellation being approved, a resolution will be proposed to re-register the Company as a private limited Company and to adopt New Articles to coincide with the re-registration.

The usual ordinary business will be considered, including receipt of the Group's Report and Financial Statements and re-appointing Grant Thornton UK LLP as auditor. A resolution will be proposed to re-elect Haydn Fentum who retires by rotation in accordance with the Company's Articles of Association and who, being eligible, offers himself for re-election.

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, Grant Thornton UK LLP, has indicated a willingness to be re-appointed and a resolution will be proposed at the Annual General Meeting to re-appoint Grant Thornton UK LLP.

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



By order of the board
Thrings Company Secretarial Limited
Secretary
02 August 2019

CORPORATE GOVERNANCE

In accordance with AIM rule 26 the Group has adopted the QCA code. The statement of compliance with the QCA Corporate Governance Code can be found on our website.

The Directors are committed to delivering high standards of corporate governance to the Company's Shareholders and other stakeholders including employees.

Directors

The Board currently comprises two Executive and two Non-executive Directors and meets regularly throughout the year. It leads and controls the Group by taking responsibility for overall projects and consideration of significant financing matters. It reviews the strategic direction of operations and annual budgets, progress towards achievement of those budgets and the longer-term strategies.

The Board is chaired by Robert Peel who also acts as the Group's Chief Executive. Robert Peel was appointed at the incorporation of the Company. Due to the size of its business, the Group has not segregated the position of Chairman and Chief Executive. The Board believes that the presence of strong Non-executives make this position appropriate for the business at this time. Nick Parrish, formerly the Group Accountant with the Company since 1998, was appointed as Financial Director on 19 October 2012. Haydn Fentum was appointed as a Non-executive Director on 22 July 2016. All other Board members were appointed during the first fully reported financial period to 21 February 1999. The Non-executive Directors have between them considerable experience in the business world and the City. Non-executive Directors are appointed for successive 12-month terms, renewable at the invitation of the Board, and are subject to re-election by Shareholders in accordance with the Company's Articles of Association. Their objective views and sound advice carry considerable weight in relation to all matters considered at Board meetings. Between formal meetings the Chief Executive remains in touch with the Non-executives, consulting them on appropriate issues and updating them on the Group's progress. The responsibility has been shared and none of the Non-executive Directors has assumed the role of senior independent Director.

The Board meets regularly (meeting on six occasions in the financial period to 27 January 2019). Prior to each Board meeting and at the end of each of the Group's four weekly accounting periods, every member of the Board is supplied with a full set of management accounts together with a summary of the key features of the Group's performance overall. This includes an analysis of the performance against the original budget for the year and the previous year's performance. The Board papers also include other documents which relate to matters included in the agenda, as appropriate, in order to ensure that members of the Board are given the fullest opportunity for consideration of matters to be discussed at meetings.

The Board has determined that it is appropriate for matters which would normally be delegated to a nomination committee to be referred to the full Board. The Board, acting as a nomination committee, meets at least once a year to carry out the selection process for new Board members and to propose any new appointments to the Board, whether Executive or Non-executive.

CORPORATE GOVERNANCE

Norbert Petersen, who retires by rotation in accordance with the Company's existing articles, has informed the Board that he will not offer himself for re-election.

The Articles of Association of the Company require that all Directors submit themselves for re-election and that in any given year the number to retire is nearest to one third of the Directors, being those who have been in office for the longest period of time.

There are agreed procedures by which Directors are able to take independent professional advice on matters relating to their duties, if necessary, at the expense of the Company. The Board has also resolved that any question of removal from office of the Company Secretary is a matter to be considered by the Board as a whole.

The Group uses external services provided by Thrings LLP, the Group's solicitors, for company secretarial matters. All Directors have access to the Company Secretary.

Directors' remuneration

The Group believes and seeks to ensure that the remuneration packages it offers its Executive Directors are fair. Other elements of the remuneration package offered to Directors include benefits in kind and share options. Further details of the Group's remuneration policy are contained in the Directors' Remuneration Report.

Relations with shareholders

The Chief Executive is always available to meet with key institutional Shareholders. In addition, the Company uses the Annual General Meeting to provide private investors with an update on the Group's progress and strategy. Shareholders are encouraged to attend the Annual General Meeting when members of the Board would be delighted to answer questions.

Accountability and audit

The Board seeks to ensure that its Annual Report and Financial Statements and other public financial statements provide a balanced and understandable assessment of the Group's position.

The Audit Committee currently consists of Haydn Fentum. The Audit Committee meets at least twice a year. The Committee provides a forum for reporting by the Group's external auditor and consideration of internal audit reports. Meetings are also attended, by invitation, by Robert Peel and Nick Parrish.

The Group has an established internal audit process (operated by members of the head office finance team) to provide continuous independent review of the Group's internal controls and business practices. The internal audit reports produced from this process are considered by the Audit Committee on a regular basis.

Internal controls

The Board is responsible for reviewing the effectiveness of the system of internal control. The Board has delegated to executive management the implementation of the systems of internal control.

Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material mis-statement or loss.

CORPORATE GOVERNANCE

The following processes take place on an ongoing basis.

- Weekly and 4 Weekly reporting of financial information including profit and loss accounts, balance sheets, cash flow statements and other key performance indicators.
- Regular reporting to the Board on certain specific matters including treasury management, insurances, legal and health and safety issues.
- The Audit Committee reports the outcome of audit meetings to the full Board of Directors.

Senior management from all key disciplines have been involved in the process of risk assessment in order to identify and assess objectives, key issues and controls. Further review has been performed to identify those risks relevant to the Group and to manage operational, compliance, financial and business risk.

The key procedures that have been established and are designed to provide effective internal control are:

Financial information

Detailed annual budgets are prepared in advance of each financial year. These are reviewed and agreed by the Board with subsequent actual 4 weekly performance reported against these budgets, updated forecasts and prior year comparatives. In addition, separate regular reviews of the overall profitability of the individual hotels are performed and monitored by the Chief Executive.

Quality and integrity of personnel

All members of management responsible for staff recruitment are made aware of the levels of experience and expertise required.

Operating unit financial controls

Key controls over major financial risks include reviews against performance indicators and exception reporting. The operating units make regular assessments of their exposure to major financial risks and the extent to which these risks are controlled, which are considered during internal audit visits.

Computer system

The Group has established controls and procedures over the security of data held on computer systems. The arrangements are tested regularly and reviewed by the Group's management.

Controls over central functions

A number of the Group's key functions, including treasury and taxation, are dealt with centrally. Each of these functions is required to report to the Board on a regular basis.

The Board has conducted a review of the system of internal control for the year ended 27 January 2019 and up to the date of this report.

DIRECTORS' REMUNERATION REPORT

Composition of the remuneration committee

The remuneration committee ('the committee') is currently comprised of Haydn Fentum. The committee makes its decisions following consultation with the Chief Executive and has access to professional advice from outside the Group. The remuneration of the Executive Chairman is set by the Non-executives.

Remuneration policy for Executive Directors

The Group wishes to attract and retain senior management of the highest quality. Accordingly, its policy, in a competitive market, is to design remuneration packages which, through an appropriate combination of basic salary and share options, reward senior managers fairly and responsibly for their individual contributions.

Basic salary

An individual's basic salary is reviewed and determined by the committee annually, taking into account his or her performance and responsibilities within the Group. In deciding the appropriate level, the committee has access to external research and information on a range of peer companies.

Share options

The committee believes that share ownership by Executive Directors and senior management also helps to strengthen the link between their personal interests and the longer term interests of the Company's Shareholders. Grants of options are based on performance and are reviewed annually. Exceptionally, grants may be awarded on appointment.

There were no unexpired share options at the year end.

Pension arrangements

The Group operates an approved money purchase pension scheme for Executive Directors and certain other members of staff. Members of the scheme contribute 5% of their salary, and the Group contributes 9%.

The Group has auto enrolled their eligible staff into the NEST (National Employment Savings Trust) pension scheme. Initially Members of the scheme contributed 1% of their salary, and the Group contributed 1%. From April 2017 Members of the scheme contribute 3% of their salary, and the Group contribute 2%. From April 2019 Members of the scheme will contribute 5% of their salary, and the Group will contribute 3%.

Non-executive Directors' remuneration

Fees payable to Non-executive Directors are determined by the Board of Directors, other than the Non-executive Directors, within the limits set by the Articles of Association.

Service contracts and re-election to the Board

At the Annual General Meeting, one third of the Directors will retire by rotation and, if eligible, may offer themselves for re-election. All Executives and Non-executive Directors have notice periods or unexpired terms not greater than twelve months.

Executive Directors' other appointments

Executive Directors are not permitted to hold any other Executive positions but, subject to Board approval, may hold Non-executive Directorships.

DIRECTORS' REMUNERATION REPORT

Directors' remuneration

	Current contractual annual salary/fees £	Salary/fees £	Other benefits £	52 weeks 27 January 2019 £	52 weeks 28 January 2018 £
Executive					
R E G Peel	45,500	45,500	275	45,775	46,055
N D L Parrish	71,750	71,750	992	72,742	70,252
Non-executive					
K P Benham		-	-	-	12,308
H H J Fentum	20,000	20,000	-	20,000	20,000
N P G Petersen	-	-	-	-	-
Total	137,250	137,250	1,267	138,517	148,615

Other benefits consist of private health and life insurance.

Directors' pension arrangements

A contributory money purchase pension scheme is in operation and the amounts paid by the Group were:

	52 weeks 27 January 2019 £	52 weeks 28 January 2018 £
Executive		
R E G Peel	-	-
N D L Parrish	6,457	6,239
Total	6,457	6,239

Share options granted to Directors

All share options have now expired.

The market price of the shares at 27 January 2019 was 67.5 pence and the range during the year was 67.5 pence to 93.5 pence.

By order of the board

Haydn Fentum
Non-executive Director

Independent auditor's report to the members of Peel Hotels Plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Peel Hotels Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 27 January 2019 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of changes in equity, the consolidated and company balance sheets, the consolidated and company cash flow statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:


- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 27 January 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, 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.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements, which indicates that the group and company were in breach of financial covenants during the financial year. As stated in note 1, this event, combined with a challenging trading outlook, indicate that a material uncertainty exists that may cast doubt on the group and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

 Grant Thornton	Overview of our audit approach
	<ul style="list-style-type: none">• Overall materiality: £234,000, which represents 1.5% of the group's revenue for the year;• Key audit matters were identified as revenue recognition and the carrying value of property, plant and equipment; and• We have assessed the components within the group by considering each as a percentage of the group's total assets, liabilities, revenues and profit before tax, and performed full scope audits on all components.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing

the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter – Group and Parent	How the matter was addressed in the audit – Group and Parent
<p>Revenue Recognition</p> <p>There is a risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>Revenue is a key driver of the business and is made up of a high number of individual low value transactions therefore in respect of services provided there is a risk that revenue is recorded inappropriately relative to the provision of the underlying service.</p> <p>We therefore identified revenue recognition as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> • Documenting our understanding of the systems and controls around the recording of revenue and testing the design and operational effectiveness of such controls. • Evaluating whether the group's revenue recognition policies are in accordance with IFRS 15 'Revenue from contracts with customers', and assessment of the impact of the first-time application of the standard in the period. • Testing a sample of revenue transactions in relation to the provision of services and assessing them against relevant supporting documentation to determine whether income has been appropriately recognised in accordance with IFRS 15 and the Group's accounting policy. • Comparison of revenue with that for the prior year and obtaining explanations for significant or unusual variances. • Assessment of sales recorded around the financial year end to determine if recorded in the correct accounting period, and review of closing deferred income balances for accuracy. <p>The Group's accounting policy on revenue recognition, and the impact of the new standard is shown in note 1 to the financial statements and related disclosures are included in note 2.</p> <p>Key observations</p> <p>Based on our work we did not identify any instances of inappropriate revenue recognition.</p>
<p>Carrying value of property, plant and equipment</p> <p>The Group financial statements record property, plant and equipment of £33.7m at 27 January 2019.</p> <p>Management has undertaken an assessment of the carrying value of these assets and, where there are indicators of impairment in accordance with IAS 36 'Impairment of assets', has carried out an impairment review by reference to external market factors and discounted cash flows in relation to cash generating units that include these assets.</p> <p>There are significant judgements in the discounted cash flow calculations that could significantly impact the</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> • Assessing management's paper on impairment for mathematical accuracy and challenging the valuation approach used and the identification of cash generating units. • Testing the accuracy of management's forecasting through a comparison of historical data to 2019 actual results and budgets and forecasts for following periods. • Challenging the appropriateness of management's assumptions including the discount rate used by reference to market data, including risk free rates and size premium data. • Where market data was used to support the recoverable amount, assessing the source and

Key Audit Matter – Group and Parent	How the matter was addressed in the audit – Group and Parent
<p>results of the impairment review, including forecast operating cashflows, capital expenditure and discount rates.</p> <p>We therefore identified the carrying value of property, plant and equipment as a significant risk, which was one of the most significant risks of material misstatement.</p>	<p>relevance of this data.</p> <ul style="list-style-type: none"> Assessing the adequacy of disclosures in the financial statements against the requirements of IAS 36 'Impairment of assets'. <p>The group's accounting policy on valuation of non-current assets is shown in note 1 'Impairment' to the financial statements and related disclosures are included in note 11. This area is also detailed as an area of significant judgement and estimation within note 1.</p> <p>Key observations</p> <p>As a result of our testing, and following the impairment charges recorded in the prior period, we concluded that the valuation of non-current assets is accounted for in accordance with the group's accounting policies and IAS 36 'Impairment of assets'.</p>

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

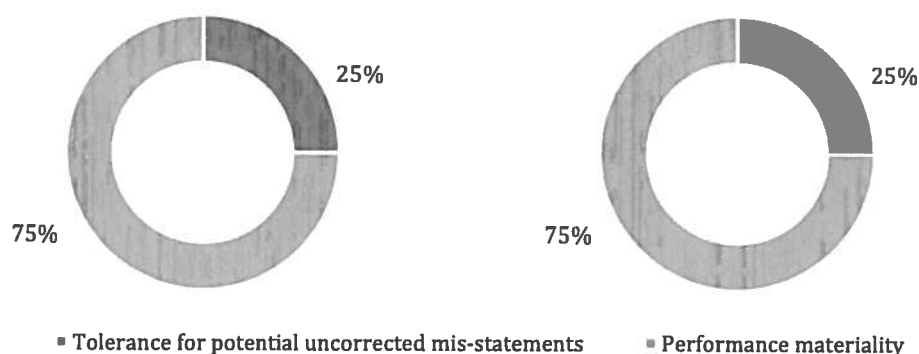
Materiality was determined as follows:

Materiality measure	Group	Parent
Financial statements as a whole	<p>£234,000 which is 1.5% of revenue for the group for the year. This benchmark is considered the most appropriate because revenue is a key performance indicator of the group and is a stable base.</p> <p>Materiality for the current year is 4% lower than the level that we determined for the year ended 28 January 2018 due to a 3% fall in revenue year on year.</p>	<p>£173,000 which is 1.5% of revenue of the parent company for the year. This benchmark is considered the most appropriate because revenue is a key performance indicator for the company and is a stable base.</p> <p>Materiality for the current year is 5% lower than the level that we determined for the year ended 28 January 2018 due to a 4% fall in revenue year on year.</p>
Performance materiality used to drive the extent of our testing	75% of financial statement materiality.	75% of financial statement materiality.
Communication of misstatements to the audit committee	£11,700 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£8,650 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality - Group

Overall materiality - Parent



An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the group's business, its environment and risk profile and in particular included:

- documentation of the processes and controls covering all significant risks, plus evaluation of the group's internal controls including its IT systems and controls;
- evaluation by the group audit team of identified components to assess the significance of that component and to determine the planned audit response based on a measure of materiality;
- all components within the group were subject to a full scope audit approach, in line with the approach for the prior year, which included a combination of substantive testing and analytical procedures;
- the accounting functions are performed centrally for all entities, which are all based in the UK. All audit work has been undertaken by the group audit team.

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 auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified
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 under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent 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.

Matters on which we are required to report by exception

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 for the financial statements

As explained more fully in the directors' responsibilities statement set out 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 auditor's report.

Use of our report

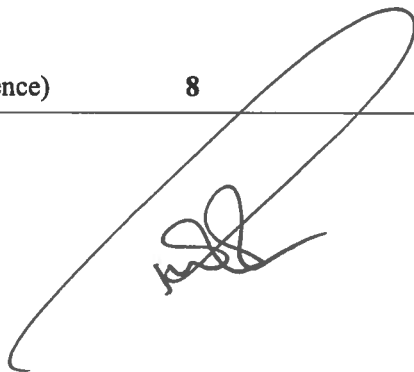
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Overfield BSC FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
02 August 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 27 January 2019

	Note	£	2019 £	£	2018 £
Revenue			15,589,485		16,097,313
Cost of sales			(13,546,611)		(13,588,380)
Gross profit			2,042,874		2,508,933
Administration expenses		(659,999)		(675,322)	
Exceptional expense	3	-		(1,161,241)	
Depreciation	11	(802,898)		(940,496)	
Total administration expenses			(1,462,897)		(2,777,059)
Operating profit			579,977		(268,126)
Finance expense	6		(400,774)		(466,860)
Profit/(Loss) before tax			179,203		(734,986)
Income tax	7		33,628		(109,286)
Profit/ (Loss) and total comprehensive income for the period attributable to owners			212,831		(844,272)
Earnings per share					
Basic & diluted (pence)	8		1.5		(6.0)



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the years ended 27 January 2019 and 28 January 2018

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

Year ended 28 January 2018

	Share Capital £	Share premium account £	Profit and loss account £	Total £
Balance brought forward at 30 January 2017	1,401,213	9,743,495	12,775,387	23,920,095
Profit and total comprehensive Income for the period	–	–	(844,272)	(844,272)
Transaction with owners				
Dividend	–	–	–	–
Balance at 28 January 2018	1,401,213	9,743,495	11,931,115	23,075,823

COMPANY STATEMENT OF CHANGES IN EQUITY

for the years ended 27 January 2019 and 28 January 2018

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
Loss 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

Year ended 28 January 2018

	Share Capital £	Share premium account £	Profit and loss account £	Total £
Balance brought forward at 30 January 2017	1,401,213	9,743,495	11,034,499	22,179,207
Profit and total comprehensive Income for the period	–	–	(1,230,146)	(1,230,146)
Transaction with owners				
Dividend	–	–	–	–
Balance at 28 January 2018	1,401,213	9,743,495	9,804,353	20,949,061

CONSOLIDATED BALANCE SHEET

at 27 January 2019

	Note	2019 £	2018 £
Assets			
Non-current assets			
Property, plant and equipment	11	33,764,910	34,106,375
Total non-current assets		33,764,910	34,106,375
Current assets			
Inventories	12	118,380	109,271
Trade and other receivables	13	988,770	845,058
Cash and cash equivalents		314,653	1,287,277
Total current assets		1,421,803	2,241,606
Total assets		35,186,713	36,347,981
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	18	1,401,213	1,401,213
Share premium		9,743,495	9,743,495
Retained earnings		12,143,946	11,931,115
Total equity		23,288,654	23,075,823
Liabilities			
Non-current			
Borrowings	15	-	9,240,839
Deferred tax liabilities	16	711,089	824,009
Non-current liabilities		711,089	10,064,848
Current			
Trade and other payables	14	1,873,799	2,636,396
Borrowings	15	9,284,844	500,000
Current tax liabilities		28,327	70,914
Current liabilities		11,186,970	3,207,310
Total liabilities and equity		35,186,713	36,347,981

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

Approved and authorised for issue by the Board 02 August 2019

Robert Peel, Director

Nicholas Parrish, Director

Company number: 3473990

COMPANY BALANCE SHEET

at 27 January 2019

	Note	2019 £	2018 £
Assets			
Non-current assets			
Property, plant and equipment	11	31,958,353	32,257,181
Amounts owed by Group undertakings		-	-
Investments	10	3	3
Total non-current assets		31,958,356	32,257,184
Current assets			
Inventories	12	84,090	78,480
Trade and other receivables	13	698,436	604,158
Cash and cash equivalents		315,804	1,269,823
Current tax asset		3,482	57
Total current assets		1,101,812	1,952,518
Total assets		33,060,168	34,209,702
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	18	1,401,213	1,401,213
Share premium		9,743,495	9,743,495
Retained earnings		9,598,494	9,804,353
Total equity		20,743,202	20,949,061
Liabilities			
Non-current			
Borrowings	15	-	9,240,839
Deferred tax liabilities	16	695,232	811,767
Non-current liabilities		695,232	10,052,606
Current			
Trade and other payables	14	2,336,890	2,708,035
Borrowings	15	9,284,844	500,000
Current tax liabilities		-	-
Current liabilities		11,621,734	3,208,035
Total liabilities and equity		33,060,168	34,209,702

The retained earnings figure includes a loss for the year of £205,859 (2018: loss of £1,230,146). The accompanying accounting policies and notes form an integral part of these financial statements.

Approved and authorised for issue by the Board 02 August 2019

Robert Peel, Director

Nicholas Parrish, Director

Company number: 3473990

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 27 January 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit/ (loss) for the year	212,831	(844,272)
Adjustments for:		
Financial income	-	-
Financial expense	400,774	466,860
Income tax	(33,628)	109,286
Depreciation	802,898	2,101,737
Cash flows before changes in working capital and provisions	1,382,875	1,833,611
UK corporation tax paid	(121,878)	(192,142)
Decrease in trade and other receivables	(143,712)	383,811
Increase in trade and other payables	(764,023)	437,903
Decrease/(Increase) in inventories	(9,109)	4,763
Net cash from operating activities	344,153	2,467,946
Cash flows from investing activities		
Acquisition of property, plant and equipment	(461,433)	(705,548)
Net cash outflow from investing activities	(461,433)	(705,548)
Cash flows from financing activities		
Interest paid	(355,344)	(661,192)
New Loan	-	9,740,840
Loan repayments	(500,000)	(9,847,422)
Net cash outflow from financing activities	(855,344)	(767,774)
Net increase in cash and cash equivalents	(972,624)	994,624
Cash and cash equivalents at the beginning of the period	1,287,277	292,653
Cash and cash equivalents at the end of the period	314,653	1,287,277
Analysis of net debt		
Cash and cash equivalents at the end of the period	314,653	1,287,277
Debt due within one year	(9,284,844)	(500,000)
Debt due after one year	-	(9,240,839)
Total net debt	(8,970,191)	(8,453,562)

COMPANY CASH FLOW STATEMENT

for the year ended 27 January 2019

	£	£
Cash flows from operating activities		
Loss for the year	(205,859)	(1,230,146)
Adjustments for:		
Financial income	-	-
Financial expense	400,774	466,860
Income tax	(69,052)	41,944
Depreciation	660,441	723,535
Cash flows before changes in working capital and provisions	786,304	2,193
UK corporation tax paid	(50,908)	(132,141)
(Increase)/decrease in trade and other receivables	(94,278)	1,267,567
(Decrease)/increase in trade and other payables	(372,569)	1,052,369
Decrease/(Increase) in inventories	(5,610)	3,827
Net cash from operating activities	262,939	2,193,815
Cash flows from investing activities		
Acquisition of property, plant and equipment	(361,614)	(433,417)
Net cash outflow from investing activities	(361,614)	(433,417)
Cash flows from financing activities		
Interest paid	(355,344)	(661,192)
New Loan	-	9,740,840
Loan repayments	(500,000)	(9,847,422)
Net cash outflow from financing activities	(855,344)	(767,774)
Net(decrease)/increase in cash and cash equivalents	(954,019)	992,624
Cash and cash equivalents at the beginning of the period	1,269,823	277,199
Cash and cash equivalents at the end of the period	315,804	1,269,823
Analysis of net debt		
Cash and cash equivalents at the end of the period	315,804	1,269,823
Debt due within one year	(9,284,844)	(500,000)
Debt due after one year	-	(9,240,839)
Total net debt	(8,969,040)	(8,471,016)

NOTES

(forming part of the financial statements)

1 Accounting policies

Significant accounting policies

Peel Hotels plc (the “Company”) is a public limited company incorporated in the UK.

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

Basis of preparation

The financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”).

The financial statements have been prepared under the historical cost convention.

The financial statements are presented in sterling.

IFRS 15 ‘Revenue from Contracts with Customers’

IFRS 15 ‘Revenue from Contracts with Customers’ and the related ‘Clarifications to IFRS 15 Revenue from Contracts with Customers’ (hereinafter referred to as ‘IFRS 15’) replace IAS 18 ‘Revenue’, IAS 11 ‘Construction Contracts’, and several revenue-related Interpretations. The new Standard has been applied retrospectively without restatement.

Contracts with multiple performance obligations

Under IFRS 15, the Group must evaluate the separability of the promised goods or services based on whether they are ‘distinct’. A promised good or service is ‘distinct’ if both:

- the customer benefits from the item either on its own or together with other readily available resources, and
- it is ‘separately identifiable’ (i.e. the Group does not provide a significant service integrating, modifying or customising it).

Whilst this represents significant new guidance, the implementation of this new guidance did not have an impact on the timing or amount of revenue recognised by the Group in any year.

IFRS 9 ‘Financial Instruments’

IFRS 9 replaces IAS 39 ‘Financial Instruments: Recognition and Measurement’. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an ‘expected credit loss’ model for the impairment of financial assets. When adopting IFRS 9, the Group has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of IFRS 9 in relation to classification, measurement, and impairment are recognised in retained earnings.

There have been no changes in classification or measurement of financial assets or liabilities as a result of the application of IFRS 9.

NOTES**Significant judgements and estimates**

The preparation of financial statements in conformity with IFRS 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.

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 asset.

NOTES

The following standards and interpretations, which are yet to become mandatory and are expected to be relevant to the financial statements, have not been applied in the 2019 financial statements:

Standard or interpretation	EU effective date
Annual Improvements to IFRS Standards 2015-2017 Cycle	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2019
Amendments to IFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2019
IFRS 16 Leases.	1 January 2019

-
- Amendments to References to the Conceptual Framework in IFRS Standards (IASB effective date 1 January 2020)

In all instances, the Board will consider the impact that these standards may have on the January 2020 financial statements.

Other than the changes to IFRS 16, the effect of the adoption of these standards is expected to be presentational only. The changes to IFRS 16 are expected to bring all leases, currently treated as operating leases, on to the balance sheet of companies.

The Board have not yet assessed the full impact of the application of this standard as it is anticipated that the Group will be adopting UK GAAP at the next financial year end, following delisting.

NOTES

The following principal accounting policies have been applied consistently to all periods presented in these financial statements.

Revenue recognition

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.

In the current year, the Group has applied IFRS 15 - Revenue from Contracts with Customers which was mandatorily effective for accounting periods beginning on or after 1st January 2018. The adoption of IFRS 15 has not had any material impact on the disclosures or amounts reported in these financial statements.

When assessing revenue recognition against IFRS15, the Group assess the contract against the five steps of IFRS15:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

This process includes the assessment of the performance obligations within the contract and the allocation of contract revenue across these performance obligations once identified. Revenue is recognised either at a point in time or over time, when, or as, the Group satisfies performance obligations by transferring the promised goods or services to its customers.

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.

Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as at 27 January 2019. All subsidiaries have a reporting date of 27 January 2019. Peel Hotels Plc work to a 364 day financial year, hence the previous financial year end was 28 January 2018. 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.

NOTES

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.

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.

Going concern

On 19 September 2017 the Company entered into a £9,900,000 five year term loan facility with Allied Irish Bank. This facility was used to repay the Company's previous facilities with Royal Bank of Scotland as well as the remaining balances of the Director's Loan and Loan Notes.

During the Financial Year, the Company breached its financial covenants, which breach resulted in the Company's Bank issuing a "Reservation of Rights" letter, reserving the Bank's position in relation to the breach of covenant, whilst also confirming the Bank's current intention not to exercise any of its rights in relation to the breach.

Whilst the Directors recognise that the breach of covenant, combined with a challenging trading outlook, results in material uncertainty for the Company and Group, and increases the possibility that the Company and Group may be unable to continue realizing its assets and discharging its liabilities in the normal course of business, which might impact upon the Company's and Group's ability to continue as a going concern, they are confident that the Company and Group have adequate resources to meet their commitments, for the reasons described below.

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.

NOTES

Property, plant and equipment

It is the Group's policy to maintain its properties to a high standard in order to protect its trade.

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.

Impairment

The carrying amount of the Group's non-financial assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit and loss.

An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the value in use. For the purposes of assessing impairments, assets are grouped at the lowest levels for which there are identifiable cash flows.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets of the unit (group of units), on a pro-rata basis.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

Financial instruments

Non-derivative financial instruments comprise trade and other receivables, intra-group receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual

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rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits.

Trade and other receivables

Trade receivables are initially recognised at fair value and are subsequently carried at amortised cost. Where balances considered to be irrecoverable, in full or part, an impairment charge is recognised in profit or loss.

The Group accounts for impairment of financial assets using the expected credit loss ("ECL") model as required by IFRS 9. The Group considers a broad range of information when assessing credit risk and measuring expected losses, including past events, current conditions, and reasonable and supportable forecasts that effect expected collectability of cash.

Intra-group receivables

Intra-group receivables are initially recognised at fair value and are subsequently carried at amortised cost. Where debtor balances are considered to be irrecoverable, in full or part, an impairment charge is recognised in profit or loss.

Trade payables

Trade payables are not interest-bearing and are stated at their fair value net of direct issue costs and are subsequently measured at amortised cost.

Post retirement benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to profit or loss represents the contributions payable to the scheme in respect of the accounting period.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Current tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity and tax relating to items recognised in other comprehensive income is recognised in other comprehensive income.

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

Deferred tax is provided using the balance sheet liability method (using rates enacted at the balance sheet date), providing for temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which an asset can be utilised. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or

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liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward, as well as other income tax credits to the Group, are assessed for recognition as deferred tax assets.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss, except where they relate to items that are charged or credited directly to equity, in which case the related deferred tax is also charged, or credited, directly to equity and deferred tax relating to items recognised in other comprehensive income is recognised in other comprehensive income.

Leases

In accordance with IAS 17 Leases, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset.

All leases are treated as operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Equity settled share based payments

The fair value of awards to employees that take the form of shares or rights to shares is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date using an option pricing model. If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options the proceeds received, net of attributable transaction costs, are credited to share capital, and where appropriate share premium.

Exceptional items

Exceptional items are those items considered by the Directors to be of such prominence with relation to their size and/or incidence that they require separate presentation in the financial statements for these to give a true and fair view.

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Equity

Equity comprises the following:

- “Share capital” represents the nominal value of equity shares.
- “Share premium” represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- “Profit and loss reserve” represents retained profits.

2 Segment analysis

All revenue and operating profit is derived from the main activity of the Group, being the operation of hotels. All revenue arose in the UK, and is recognised at a point in time rather than over time.

Each hotel is considered to be a separate operating segment and cash generating unit of the Group based on the information provided to the Chief Operating Decision Maker (considered to be the Board of Directors). These segments are aggregated for the purposes of disclosure as the aggregation criteria of International Financial Reporting Standard 8 are considered to be met.

All non-current assets are located in the UK.

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3 Expenses and auditor's remuneration

Included in profit are the following:

	2019 £	2018 £
Depreciation	802,898	940,496
Exceptional expense	-	1,161,241
Repairs and renewals - hotels	564,075	614,098
Repairs and renewals - other	19,758	20,750
Lease payments - land and buildings	733,587	732,914
Lease payments - plant and equipment	236,890	216,999

Auditor's remuneration:

	2019 £	2018 £
Auditor's remuneration for audit services	40,800	31,000
Other services		
Auditor's remuneration for tax compliance services	12,650	13,725
Auditor's review of interim accounts	4,500	4,500
Audit - Group pension scheme	700	675

Shareholders are aware that there have been persistent problems in regard to the cost base of two of the Group's subsidiary companies, the Strathdon Hotel (Nottingham) Limited and the King Malcolm Hotel (Dunfermline) Limited. The Board have reviewed the carrying values of the two Hotels within those subsidiaries and determined that it is appropriate to write them down to zero. The impairment of the value of the two Hotels was provided for as an Exceptional Item of £1,161,241 in the prior year's accounts. The Board is considering its options in regard to the properties within the two Subsidiaries, including change of use, it is therefore possible that the impairment could be reversed if a more profitable future for the properties could be found.

NOTES

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	
	2019	2018
Directors	4	4
Other employees	397	422
	401	426

The aggregate payroll costs of these persons were as follows:

	2019	2018
	£	£
Wages and salaries	5,646,042	5,734,847
Social security costs	348,544	356,375
Pension costs	53,478	56,165
	6,048,064	6,147,387

5 Remuneration of Directors

	2019	2018
	£	£
Directors' emoluments	138,517	148,615
Group contributions to money purchase pension schemes	6,457	6,239
	144,974	154,854

The aggregate of emoluments of the highest paid Director was £72,742 (2018: £70,252) and company pension contributions of £6,457 (2018: £6,239) were made to a personal pension scheme on his behalf. The total employer's national insurance paid in respect of Directors was £15,464 (2018: £15,800).

There were no (2018: nil) members of key management other than the Directors of the Group.

Further detail is included within the remuneration report on pages 14-15.

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6 Finance expense

Recognised in profit or loss

	2019 £	2018 £
Interest on long term bank loan	323,484	292,846
Interest on other loans	-	50,602
Interest received AIB	-	-
Bank charges, fees and instrument costs	77,290	123,412
	400,774	466,860

7 Income tax expense

Recognised in profit or loss

	2019 £	2018 £
Current tax expense		
Current year	82,100	157,502
Adjustments for prior years	(2,808)	(10,895)
	79,292	146,607
Deferred tax expense		
Origination and reversal of temporary differences	(32,828)	(36,682)
Adjustments for prior years	(80,092)	(639)
Effect of rate change	-	-
	(112,920)	(37,321)
Total tax on profit	(33,628)	109,286

Reconciliation of effective tax rate

	2019 £	2018 £
Profit/(Loss) before tax for the year	179,203	(734,986)
Tax using the UK corporation tax rate of 19% (2018: 19%)	34,049	(139,647)
Non-deductible expenses	19,610	22,158
Rate difference	3,862	-
Share based payment deferred tax release	-	17,674
Under/(over) provided in prior years	(82,900)	(11,534)
Deferred tax not recognised	(8,249)	-
Impairment of fixed assets not qualifying for capital allowances	-	220,635
Total tax expense	(33,628)	109,286

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8 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 27 January 2019 was based on the profit attributable to ordinary shareholders of £212,831 (2018: loss of £844,272) and a weighted average number of ordinary shares outstanding of 14,012,123 (2018: 14,012,123). No shares were issued in 2019 or 2018.

Diluted earnings per share

There were no potentially dilutive options in issue at either year end.

9 Dividends

The aggregated amount of dividends proposed and not recognised as liabilities as at the year end is nil.

10 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
<i>Crown & Mitre (Carlisle) Limited</i>	<i>Operation of hotel</i>	<i>England and Wales</i>
<i>Strathdon (Nottingham) Limited</i>	<i>Operation of hotel</i>	<i>England and Wales</i>
<i>King Malcolm (Dunfermline) Limited</i>	<i>Operation of hotel</i>	<i>England and Wales</i>

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 £205,859 (2018: £1,230,146 loss).

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11 Property, plant and equipment Group

	Land and buildings £	Plant and machinery £	Furniture, furnishings and equipment £	Total £
Cost				
Balance at 30 January 2017	33,937,223	3,987,995	4,329,225	42,254,443
Additions	33,511	243,312	428,725	705,548
Fully depreciated items	–	(106,622)	(875,522)	(982,144)
Balance at 28 January 2018	33,970,734	4,124,685	3,882,428	41,977,847
Additions	59,706	97,277	304,450	461,433
Fully depreciated items	–	(331,613)	(834,948)	(1,166,561)
Balance at 27 January 2019	34,030,440	3,890,349	3,351,930	41,272,719
Depreciation				
Balance at 30 January 2017	1,308,628	2,897,856	2,545,395	6,751,879
Provision for the year	111,955	306,492	522,049	940,496
Impairment	931,501	46,231	183,509	1,161,241
Fully depreciated items	–	(106,622)	(875,522)	(982,144)
Balance at 28 January 2018	2,352,084	3,143,957	2,375,431	7,871,472
Provision for the year	99,450	268,487	434,961	802,898
Fully depreciated items	–	(331,613)	(834,948)	(1,166,561)
Adjustment re impairment	201,496	(92,462)	(109,034)	–
Balance at 27 January 2019	2,653,030	2,988,369	1,866,410	7,507,809
Net book value				
At 29 January 2017	32,628,595	1,090,139	1,783,830	35,502,564
At 28 January 2018	31,618,650	980,728	1,506,997	34,106,375
At 27 January 2019	31,377,410	901,980	1,485,520	33,764,910

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Company

	Land and buildings £	Plant and machinery £	Furniture, furnishings and equipment £	Total £
Cost				
Balance at 30 January 2017	31,069,235	3,489,989	3,368,521	37,927,745
Additions	18,950	144,307	270,160	433,417
Fully depreciated items	–	(86,604)	(791,276)	(877,880)
Balance at 28 January 2018	31,088,185	3,547,692	2,847,405	37,483,282
Additions	47,996	63,748	249,870	361,614
Fully depreciated items	-	(224,743)	(704,205)	(928,948)
Balance at 27 January 2019	31,136,181	3,386,697	2,393,070	36,915,948
Depreciation				
Balance at 30 January 2017	736,837	2,801,085	1,842,524	5,380,446
Provision for the year	57,953	340,038	325,544	723,535
Fully depreciated items	–	(86,604)	(791,276)	(877,880)
Balance at 28 January 2018	794,790	3,054,519	1,376,792	5,226,101
Provision for the year	57,323	334,263	268,855	660,441
Fully depreciated items	-	(224,743)	(704,205)	(928,948)
Balance at 27 January 2019	852,113	3,164,039	941,442	4,957,594
Net book value				
At 30 January 2017	30,332,398	688,904	1,525,997	32,547,299
At 28 January 2018	30,293,395	493,173	1,470,613	32,257,181
At 27 January 2019	30,284,068	222,658	1,451,628	31,958,354

12 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 £1,856,244 (2018: £1,900,632).

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13 Trade and other receivables

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade receivables	332,450	276,987	226,276	216,619
Prepayments and accrued income	656,320	568,071	472,160	387,539
	988,770	845,058	698,436	604,158

14 Trade and other payables

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade payables	641,850	590,261	490,341	449,338
Social security and other taxes	310,519	1,036,355	282,776	1,007,666
Accruals and deferred income	921,430	1,009,780	816,567	888,902
Amounts due to group companies	-	-	747,206	362,129
	1,873,799	2,636,396	2,336,890	2,708,035

15 Borrowings

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Financial liabilities measured at amortised cost:				
Current				
Bank overdrafts	-	-	-	-
Bank loans	9,284,844	500,000	9,284,844	500,000
Other loans	-	-	-	-
Total current	9,284,844	500,000	9,284,844	500,000
Non-current				
Bank loans	-	9,240,839	-	9,240,839
Other loans	-	-	-	-
Total non-current	-	9,240,839	-	9,240,839
Total	9,284,844	9,740,839	9,284,844	9,740,839

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. Discussions are ongoing with the bank around a re-set of the covenants therefore it is hoped that the loan will be split between current and non-current liabilities at future reporting dates.

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16 Deferred tax

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Deferred tax liability				
At start of year	824,009	861,330	811,767	845,459
Income statement charge:				
Origination and reversal of temporary differences	(112,920)	(37,321)	(116,535)	(33,692)
Changes in rates	-	-	-	-
At end of year	711,089	824,009	695,232	811,767

17 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.

18 Share capital

	2019 £	2018 £
Authorised - 25,000,000 ordinary shares of 10p each	2,500,000	2,500,000
Allotted, called up and fully paid - 14,012,123 ordinary shares of 10p each	1,401,213	1,401,213

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

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19 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.

NOTES

Capital management

The Board's policy is to maintain a strong capital base (by consideration of ongoing dividend policy) so as to maintain investor, creditor and market confidence and to sustain future development of the business and also to ensure that gearing and interest cover is maintained at suitable levels. The Board of Directors monitors both the demographic spread of shareholders, as well as the return on capital and the level of dividends to ordinary shareholders.

Capital comprises share capital, share premium and retained earnings.

Gearing on capital was 38.5% (2018: 36.6%) with interest covered 1.4 (2018: -0.6) times.

There were no changes in the Group's approach to capital management during the year. This situation is kept under ongoing review.

The Group is not subject to externally imposed capital requirements.

Financial assets and liabilities

Summary of financial assets and liabilities by category:

Financial assets measured at amortised cost

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash and cash equivalents	314,653	1,287,277	315,804	1,269,823
Trade and other receivables excluding prepayments	332,450	276,987	226,276	216,619
	647,103	1,564,264	542,080	1,486,442

Financial liabilities measured at amortised cost

Current

Trade and other payables	1,563,278	1,600,041	1,307,072	1,338,240
Borrowings	9,284,844	500,000	9,284,844	500,000
Amounts owed to group companies	-	-	747,206	362,129

Non-current

Borrowings	-	9,240,839	-	9,240,839
	10,848,122	11,340,880	11,339,122	11,441,208

NOTES

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group Carrying amount		Company Carrying amount	
	2019 £	2018 £	2019 £	2018 £
Cash and cash equivalents	314,653	1,287,277	315,804	1,269,823
Trade and other receivables excluding prepayments	332,450	276,987	226,276	216,619
Amounts owed by group undertakings	-	-	-	-
	647,103	1,564,264	542,080	1,486,442

All of the Group's trade and other receivables have been reviewed for expected credit losses. An impairment provision of £nil (2018: £nil) has been made against specific balances.

In addition, some of the unimpaired trade receivables are past due as at the reporting date. The age of the trade receivables past due but not impaired are as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
	Not past due	242,802	212,992	177,869
Past due 0-30 days	60,042	19,458	25,534	14,712
Past due 31-60 days	29,606	44,537	22,873	44,375
	332,450	276,987	226,276	216,617

Liquidity risk

The following are the contractual maturities of the Group's non-derivative financial liabilities, including interest payments and excluding the impact of netting agreements:

Group

27 January 2019

	Current On demand £	Current Within 6 months £	Current Within 6-12 months £	Non-current 1 to 5 years £
	Trade and other payables	-	641,850	-
Bank overdrafts	-	-	-	-
Bank loans	-	250,000	9,034,844	-
Other loans	-	-	-	-

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28 January 2018

	Current On demand £	Current Within 6 months £	Current Within 6-12 months £	Non-current 1 to 5 years £
Trade and other payables	–	590,261	–	–
Bank overdrafts	–	–	–	–
Bank loans	–	250,000	250,000	9,240,839
Other loans	–	–	–	–

Company

27 January 2019

	Current On demand £	Current Within 6 months £	Current Within 6-12 months £	Non-current 1 to 5 years £
Trade and other payables	–	490,341	–	–
Bank overdrafts	–	–	–	–
Bank loans	–	250,000	9,034,844	–
Other loans	–	–	–	–

28 January 2018

	Current On demand £	Current Within 6 months £	Current Within 6-12 months £	Non-current 1 to 5 years £
Trade and other payables	–	449,338	–	–
Bank overdrafts	–	–	–	–
Bank loans	–	250,000	250,000	9,240,839
Other loans	–	–	–	–

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. The interest payable on the bank loan is fixed by a fixed margin over three month LIBOR.

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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 27 January 2019.

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.

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20 Operating leases

The minimum operating lease payments are as follows:

Group

	2019 Land and buildings £	2018 Land and buildings £	2019 Plant and machinery £	2018 Plant and machinery £
Within one year	737,356	734,729	236,890	216,999
Within one to five years	2,781,692	2,779,172	236,890	216,999
After five years	23,665,768	24,339,141	–	–
	27,184,816	27,853,042	473,780	433,998

Company

	2019 Land and buildings £	2018 Land and buildings £	2019 Plant and machinery £	2018 Plant and machinery £
Within one year	134,738	132,111	174,536	160,210
Within one to five years	371,220	368,700	174,536	160,210
After five years	3,155,370	3,226,125	–	–
	3,661,328	3,726,936	349,072	320,420

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

21 Capital commitments

Amounts contracted for, but not provided, in these financial statements amounted to £25,000 (2018: £75,000).

22 Related parties

During the year insurance premiums of £174,935 (2018: £192,787) 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 (2018: £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.

HOTEL DIRECTORY



PEEL HOTELS PLC

19 WARWICK AVENUE LONDON W9 2PS
TELEPHONE: 020 7266 1100 FAX: 020 7289 5746

<u>Location</u>	<u>Hotel</u>	<u>Rating</u>	<u>Rooms</u>	<u>Telephone</u>	<u>Facsimile</u>
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
Dunfermline	King Malcolm Hotel	★★★★	48	01383 722611	01383 730865
Leeds	Cosmopolitan Hotel	★★★★	89	0113 2436454	0113 2429327
Newcastle upon Tyne	Caledonian Hotel	★★★★	89	0191 2817881	0191 2816241
Nottingham	Strathdon Hotel	★★★★	68	0115 9418501	0115 9483725
Peterborough	Bull Hotel	★★★★	118	01733 561364	01733 557304
Wallingford	George Hotel	★★★★	39	01491 836665	01491 825359
	Total of 9 Hotels		727		

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

SHAREHOLDER INFORMATION

Financial calendar

Results announced	02 August 2019
Interim results	October 2019
Final results	June 2020

Annual General Meeting

At 12 noon on 19 September 2019 at
The Royale Norfolk Hotel

Richmond Hill

Bournemouth

Dorset

BH2 6EN

Registrar

Enquiries concerning holdings of the Company's shares and notification of a holder's change of address should be addressed to:

Computershare Investor Services PLC

The Pavilions

Bridgewater Road

Bristol BS13 8AE