

Prestmade Limited

Report and Financial Statements

Year Ended

31 December 2019

Company Number 03562606

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Prestmade Limited

Report and financial statements for the year ended 31 December 2019

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Directors

Mrs S Jetha
Mrs N Esmail

Registered office

14 Chester Terrace, London, NW1 4ND

Company number

03562606

Auditors

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

Prestmade Limited

Strategic report for the year ended 31 December 2019

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2019.

Principal activities, trading review and future developments

The Prestmade group continued the operation and ownership of the Hilton London Paddington hotel, the Hilton London Euston hotel and the Double Tree by Hilton Hotel London Tower of London hotel.

Hilton Paddington hotel

Turnover has increased by 4.3% (2018- increased by 1.99%) for the year under review. The directors are satisfied with the performance during the year. Room revenue represents the total revenue achieved through the average room rate multiplied by the total numbers of rooms sold during the year. The key performance indicators are Average Daily Room Rate and Occupancy (the total available rooms divided by the rooms occupied expressed as a percentage), and Revenue per average room ('RevPAR') which is a combination of both expressed in sterling. In the year under review, occupancy was 93.4% (2018- 91.4%), Average Daily Room Rate has increased by 2.4% (2018- increased by 3%) and Rev PAR has increased by 4.7% (2018- increased by 3.5%).

Hilton London Euston hotel

Turnover has increased by 4.9% (2018- increased by 13.5%) for the year under review and operating profit increased by £360,000 (2018- increased by 954,000) due to the continuing programme of stringent cost controls and aggressive marketing. The directors are satisfied with the performance during the year. In the year under review, occupancy was 90.2% (2018- 88.6%), Average Daily Room Rate has increased by 4.1% and Rev PAR has increased by 5.9%.

Double Tree by Hilton London - Tower of London hotel

In the year under review turnover has increased by 10%. The directors are satisfied with the performance during the year. In the year under review, occupancy has increased to 95.8% (2018: 93.4%), Average Daily Room Rate has increased by 3.7% (2018 - 13%) and Rev PAR has increased by 6.4% (2018: decreased by 13%)

The directors intend to drive the development of the group by a continuing programme of stringent cost controls, and aggressive marketing and reduction of interest costs.

Principal risks and uncertainties

The hotel market as a whole in the United Kingdom has remained challenging during the year under review, although the group has performed well, and continued to do so into 2019 as a result of its prime location and focused management. The group seeks to manage the risk of losing customers to key competitors by the provision of higher than average service levels coupled with the exciting environment of the hotel property. The group engages a full service level sales and account management team to work closely with key clients around the world who are important to the continued success of the hotel.

Subsequent to the year end, the group has been adversely impacted by Covid-19 and the ongoing and longer term-impacts of the pandemic on the hotels market in the UK and the wider economy remain the key operating risk to the entity. The Group's going concern assumption is detailed in note 1.

Prestmade Limited

Strategic report for the year ended 31 December 2019 (continued)

Financial instruments

Exposure to movements in interest rates is reviewed regularly by the directors. The company and group utilises financial instrument to limit the group's exposure to movements in interest rates where in the opinion of the directors the expected benefits of such arrangements exceed the expected costs or at the request of the company's lenders.

The company and group holds or issues financial instruments to finance its operations and enters into contracts to manage risks arising from those operations and its sources of finance.

In addition, various financial instruments arise directly from the group's operations. Credit risk is controlled as the company receives rental receipts in accordance and hold cash with large financial institutions.

Operations are financed by a mixture of retained profits, short term bank borrowings and term loans. Generally acquisitions and working capital requirements are funded principally out of short and longer term banking facilities and retained profits.

The directors do not consider that exchange risk is material, as the majority of the company and group's transactions are denominated in sterling.

Section 172 (S172) Statement

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The directors consider the successful running of the group in terms of achieving its long term growth strategy which centres around building and maintaining a sustainable, profitable business. This statement, which is reported for the first time, explains how Prestmade Limited group ('group'):

- has engaged with employees, suppliers, and others; and
- has had regard to employee interests, the need to foster the group's business relationships with suppliers, and other, and the effect of that regards, including on the principal decisions taken by the group during the financial year.

The S172 statement focuses on matters of strategic importance to group, and the level of information disclosed is consistent with the size and the complexity of the business.

As an owner managed business the directors are involved in all major decisions made by the group. When making decisions, each Director ensures that she acts in the way she considers, in good faith and would promote the group's success for the benefit of its members as a whole in the long term.

The key relationships the directors consider are with their banks and with Hilton. In respect of the banks the directors regularly directly engage with the banks and provide information to them on a regular basis.

The hotels are branded and operated by Hilton, a leading global hotel group under long term management agreements. The directors directly engage with Hilton and receive and provide information on a regular basis to ensure the interests are aligned with the group's strategy. As part of this, Hilton is responsible for the day to day Hotels' management, procurement and human resources functions and their supply chains. The group has worked with Hilton for many years. The group works with them as a trusted partner.

The group is satisfied that, at a global level, Hilton and therefore the group, has a strong commitment to:

- recognising that the group's employees are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment.
- aim to meet the world's growing need for more and cleaner energy solutions in ways which are economically, environmentally and socially responsible.

Prestmade Limited

Strategic report for the year ended 31 December 2019 (continued)

The group has performed well in the year. The directors have not made any significant decisions in the year that have affected the direction of the group, although they have been on the lookout for further potential hotel acquisitions and have pursued opportunities that have not come to fruition.

Subsequent to the year end the Directors have made decisions arising from the Covid 19 pandemic, including the closure of the hotel and furloughing of most of the workforce. Further details are given in (note 1).

On behalf of the board



Mrs S Jetha

Director

Date: 26.03.2021

Prestmade Limited

Directors' report for the year ended 31 December 2019

The directors present their report together with the audited financial statements for the year ended 31 December 2019.

Results and dividends

The profit and loss account is set out on page 9 and shows the turnover for the year of £90,144,000 (2018 - £84,207,000) and profit for the financial year after taxation of £12,340,000 (2018 - £932,000).

A dividend of £4,500,000 (2018 - £1,650,000) has been declared and paid during the year.

Directors

The directors of the company during the year were:

Mrs G Bhatia
Mrs S Jetha
Mrs N Esmail

Mrs G Bhatia passed away subsequent to the year end.

Charitable and political contributions

During the year, the group made charitable contributions of £Nil (2018 - £1,000). The group made no political donations or incurred any political expenditure during the year.

Other information

Certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on page 1. These matters relate to the principal activity and financial risk.

Auditors

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

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

On behalf of the board



Mrs S Jetha

Director

Date: 26.03.2021

Prestmade Limited

Directors' responsibilities statement for the year ended 31 December 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Prestmade Limited

Independent auditor's report

TO THE MEMBERS OF PRESTMADE LIMITED

Opinion

We have audited the financial statements of Prestmade Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2019 which comprise the consolidated profit and loss account and other comprehensive income, the consolidated and company balance sheets, the consolidated and company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our 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.

Prestmade Limited

Independent auditor's report (continued)

Other information (continued)

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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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 and Directors' report.

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

- adequate accounting records have not been kept 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

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the 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.

Prestmade Limited

Independent auditor's report (continued)

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

BDO LLP..

*Ian Clayden (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom*

Date 29 March 2021

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

Prestmade Limited

Consolidated profit and loss account and other comprehensive income for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Turnover	2	90,144	84,207
Cost of sales		(2,746)	(2,511)
Gross profit		87,398	81,696
Administrative expenses		(52,773)	(57,874)
Operating profit		34,625	23,822
Loss on investments	6	(27)	(42)
Other income	7	1,119	173
Interest receivable	8	118	154
Interest payable and similar charges	9	(19,884)	(18,845)
Profit on ordinary activities before taxation		15,951	5,262
Taxation on profit on ordinary activities	10	(3,611)	(4,330)
Profit for the financial year		12,340	932

All amounts relate to continuing activities.

There have been no items of other comprehensive income in any period presented.

The notes on pages 15 to 35 form part of these financial statements.

Prestmade Limited

Consolidated balance sheet at 31 December 2019

Company number 3562606	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Fixed assets					
Intangible assets	11		(3,525)		(3,770)
Tangible assets	12		444,652		455,910
			<u>441,127</u>		<u>452,140</u>
Current assets					
Stocks	14	152		114	
Debtors	15	60,337		85,740	
Short term investments	17	505		567	
Cash at bank and in hand	16	19,207		11,457	
			<u>80,201</u>	<u>97,878</u>	
Creditors: amounts falling due within one year	18	(68,867)		(101,866)	
Net current liabilities			<u>11,334</u>		<u>(3,988)</u>
Total assets less current liabilities			<u>452,461</u>		<u>448,152</u>
Creditors: amounts falling due after more than one year	18		(409,771)		(413,302)
Net assets			<u>42,690</u>		<u>34,850</u>
Capital and reserves					
Called up share capital	23		5,641		5,641
Merger reserve			20,487		20,487
Retained earnings			16,562		8,722
Shareholders' funds			<u>42,690</u>		<u>34,850</u>

The financial statements were approved by the Board of Directors and authorised for issue on 26.03.21


 Mrs S Jetha
 Director

The notes on pages 15 to 35 form part of these financial statements.

Prestmade Limited

Consolidated statement of changes in equity for the year ended 31 December 2019

	Called up share capital £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2019	5,641	20,487	8,722	34,850
Total comprehensive income for the year				
Profit for the year	-	-	12,340	12,340
Dividends paid	-	-	(4,500)	(4,500)
Total comprehensive income for the year	-	-	7,840	7,840
Balance at 31 December 2019	5,641	20,487	16,562	42,690

	Called up share capital £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2018	5,641	20,487	9,440	35,568
Total comprehensive income for the year				
Profit for the year	-	-	932	932
Dividends paid	-	-	(1,650)	(1,650)
Total comprehensive income for the year	-	-	(718)	(718)
Balance at 31 December 2018	5,641	20,487	8,722	34,850

The notes on pages 15 to 35 form part of these financial statements.

Prestmade Limited

Consolidated Statement of cash flows for the year ended 31 December 2019

	2019 £'000	2018 £'000
Cash flows from operating activities		
Profit for the financial year	12,340	932
<i>Adjustments for:</i>		
Depreciation, amortisation and impairment	12,494	12,636
Interest receivable and similar income	(118)	(154)
Interest payable and similar charges	18,641	21,388
Fair value loss/(gain) on swaps	797	(2,990)
Amortisation of loan fees	446	447
Taxation	3,611	4,330
Loss on investment	27	42
(Release of)/Provisions against loans	(3,754)	3,768
	44,484	40,399
(Increase)/Decrease in stock	(38)	6
Decrease/(Increase) in trade and other debtors	1,131	(1,421)
Increase in trade and other creditors	1,928	2,253
Taxation paid	(1,821)	(136)
	45,684	41,101
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,481)	(4,307)
Investment income	35	33
	(1,446)	(4,274)
Cash flows from financing activities		
Repayment of borrowings	(10,400)	(10,400)
Repayment of other loans	(5,715)	(1,095)
Dividend paid	(1,850)	(1,511)
Interest paid	(18,641)	(20,429)
Interest received	118	154
	(36,488)	(33,281)
Net (decrease) in cash and cash equivalents	7,750	3,546
Cash and cash equivalents at 1 January	11,457	7,911
Cash and cash equivalents at 31 December	19,207	11,457
	7,750	3,546

The notes on page 15 to 34 form part of these financial statements.

Prestmade Limited

Company balance sheet at 31 December 2019

<i>Company number 3562606</i>	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Fixed assets					
Investments	13		15,691		15,691
Current assets					
Debtors	15	113,949		145,396	
Creditors: amounts falling due within one year	18	<u>(120,750)</u>		<u>(154,572)</u>	
Net current liabilities			<u>(6,801)</u>		<u>(9,176)</u>
Net assets			<u>8,890</u>		<u>6,515</u>
Capital and reserves					
Called up share capital	23		5,641		5,641
Retained earnings			<u>3,249</u>		<u>874</u>
Shareholders' funds			<u>8,890</u>		<u>6,515</u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the parent company for the year was £6,875,000 (2018 - £1,967,000).

The financial statements were approved by the Board of Directors and authorised for issue on 26.03.2021



Mrs S Jetha
Director

The notes on pages 15 to 35 form part of these financial statements.

Prestmade Limited

Notes forming part of the financial statements for the year ended 31 December 2019

1 Accounting policies

Prestmade Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 03562606 and the registered address is 14 Chester Terrace, London, NW1 4ND.

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

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation.

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

Going concern

In accordance with UK government requirements, group hotels closed to public customers on 26 March 2020 and remained closed until 4 July 2020. The hotel commenced a phased reintroduction thereafter until a further 'lockdown' in November 2020. At the time of signing the financial statements, the UK economy is working to the Government's 'road-map' to a full relaxation of social distancing requirements, potentially as soon as 21 June 2021.

Management have modelled various cash flow scenarios based on alternative rates of return to normalised occupancy rates and room rates. The directors acknowledge however that the environment is continuously changing and uncertainty remains. At present the board anticipates that changes to social distancing restrictions will enable the company to return to full trading in Q3 or Q4 of 2021.

Notwithstanding the uncertainty caused by COVID-19, the directors continue to adopt the going concern basis in preparing the accounts, as, having considered the principal risks and uncertainties, they are satisfied that the Company and Group has adequate facilities to continue in operation for the foreseeable future.

In arriving at this conclusion the directors have had regard to the underlying profitability of group's hotels, and their ability to generate sufficient funds to manage its third party loan facilities.

Each hotel is, directly or indirectly, dependent on bank facilities that, at the year-end, amounted to £403.4m across the group and are subject to financial covenants. Subsequent to the year end, as a result of the impacts of COVID-19, the group has secured additional facilities that ease the pressure on interest payments and have confirmed various waivers or adjustments to covenants beyond 12 months from the date of reporting. The relevant companies within the group forecast compliance with covenants over this period.

Other than in circumstances that the board consider remote, the Company's and Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company and Group should be able to operate within the level and terms of its current banking facilities for a period of not less than 12 months from the date of approval of these financial statements, and therefore continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements do not contain adjustments that might be required should the going concern assumption not be appropriate.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2019. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Prestmade Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

Measurement convention

The financial statements are prepared on the historical cost basis except that the Hilton Paddington and leasehold in London Plaza hotels were revalued in the past and the amounts held as deemed cost on transition to FRS 102. In addition the following assets and liabilities are stated at their fair value: financial instruments classified at fair value through the profit or loss.

Foreign currency

Foreign currency transactions are converted to sterling at the exchange rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling on the balance sheet date. Exchange differences arising on retranslation of unsettled monetary assets and liabilities are taken to the profit and loss account.

Turnover

Turnover, which is attributable to the principal activity and only arises in the United Kingdom, represents sales to outside customers at invoiced amounts less value added tax. Turnover is recognised at the point where services are rendered to customers

Basic financial instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

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

Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in the profit or loss.

Prestmade Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Buildings - 50 years
- Leasehold property - Over the life of the leasehold
- Fixtures and fittings - 10 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the company recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

Prestmade Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

Intangible assets, goodwill and negative goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Negative goodwill

Negative goodwill arising on business combinations in respect of acquisitions is included on the balance sheet immediately below any positive goodwill and released to the profit and loss account in the periods in which the non-monetary assets arising on the same acquisition are recovered. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in profit or loss in the periods expected to benefit.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Goodwill and other intangible assets are tested for impairment in accordance with FRS 102 - Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

Taxation

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: Differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date for non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Prestmade Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Expenses

Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Finance costs

Finance costs are charged to profit over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment to the tangible assets.
- Determine whether recoverability of related party dues is doubtful.

Prestmade Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

Other key sources of estimation uncertainty

- Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on factors considered while making the assessment.

The directors do not consider that there are any other key judgements or material estimates.

2 Turnover

The turnover is attributable to the provision of hotel accommodation and similar income, all arising solely in the United Kingdom.

	2019 £'000	2018 £'000
Total turnover	90,144	84,207
By activity:		
Room revenue	73,655	69,768
Food and beverage	10,624	9,240
Other revenue	5,865	5,199
	90,144	84,207

3 Employees

Staff costs (including directors) consist of:

	2019 £'000	2018 £'000
Wages and salaries	13,221	10,665
Social security costs	836	876
Pension costs	179	117
	14,236	11,658

The average number of employees (including directors) during the year was as follows:

	2019 Number	2018 Number
Office and management	76	68
Sales and hotel services	366	345
	442	413

Prestmade Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

3 Employees (continued)

Defined contribution plans

The company operates a defined contribution pension scheme. The amount payable to the pension scheme during the year is charged to the profit and loss account. There were no amounts outstanding or repaid at the year end. The total pension cost for the year was £179,000 (2018 - £117,000).

4 Directors' remuneration

	2019 £'000	2018 £'000
Remuneration for management services	446	447

The aggregate remuneration of the highest paid director was £374,000 (2018 - £374,000).

5 Expenses and auditor's remuneration

	2019 £'000	2018 £'000
This is arrived at after charging/(crediting):		
Depreciation and amortisation - owned assets	12,739	13,172
(Release of)/Provisions against loans	(3,754)	3,768
Amortisation of negative goodwill	(245)	(536)
Hire of plant and machinery	85	84
Auditors' remuneration:		
Audit of these financial statements	10	9
Amounts receivable by the company's auditor in respect of: Audit of financial statements of subsidiaries of the company	95	63

6 Loss on investments

	2019 £'000	2018 £'000
Dividend income	35	33
Loss from financial assets held for trading	(62)	(75)
	(27)	(42)

Prestmade Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

	2019 £'000	2018 £'000
7 Other income		
Other income (refer below)	1,119	173
Included in Other income is proceeds towards Lights compensation of £946,000 (2018: £nil)		
8 Interest receivable and similar income		
Bank interest receivable	118	154
9 Interest payable and similar charges		
Bank loans and swap interest	16,674	17,745
Loss/(profit) on financial liabilities measured at fair value through profit and loss	797	(2,990)
Other interest payable	1,967	3,636
Amortisation of loan arrangement fees	446	454
	19,884	18,845
10 Taxation on profit on ordinary activities		
Current tax on income for the period	1,781	925
Adjustments in respect of prior periods	393	(1,013)
Taxation on profit on ordinary activities	2,174	(88)
Movement on deferred taxation	1,437	4,418
Total tax charge	3,611	4,330

Prestmade Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

10 Taxation on loss on ordinary activities (continued)

The tax assessed for the year is different than the standard rate of corporation tax in the UK. The differences are explained below:

	2019 £'000	2018 £'000
Profit on ordinary activities before tax	15,951	5,262
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018 – 19%)	3,030	999
Effects of:		
Non-deductible expenses	871	1,931
Under/(over) provided in prior years	393	(1,013)
Adjustment to deferred tax rates	(683)	2,413
Total tax charge included in profit and loss	3,611	4,330

Factors affecting future tax charge

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2016) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2016. A further reduction to the UK corporation tax rate was announced in the 2016 Budget to further reduce the tax rate to 17% (to be effective from 1 April 2020). The deferred tax liability at the balance sheet date has been calculated based on the rate of 17% substantively enacted at the balance sheet date. The directors note that subsequent to the year end the reduction of the corporation tax rate to 17% has been cancelled and will account for the effects of this on the deferred tax balances in 2020.

Prestmade Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (*continued*)

11 Intangible assets

Group	Negative goodwill £'000
<i>Cost or valuation</i>	
At 1 January 2019	(8,062)
Negative goodwill released	4,308
	<hr/>
At 31 December 2019	(3,754)
	<hr/>
<i>Depreciation and impairment</i>	
At 1 January 2019	4,292
Charge for the year	245
Negative goodwill released	(4,308)
	<hr/>
At 31 December 2019	229
	<hr/>
<i>Net book value</i>	
At 31 December 2019	(3,525)
	<hr/>
At 31 December 2018	(3,770)
	<hr/>

Negative goodwill arising on the acquisition of Tradesup Group in 2013 was in excess of the fair value of the nonmonetary assets acquired. The resulting negative goodwill has been recognised in the Group's balance sheet at 25 September 2013. The useful life is 5 years, and negative goodwill has now been fully amortised.

Negative goodwill arising on the acquisition of Carolia Tower Hotel Limited in 2016 was in excess of the fair value of assets acquired. The resulting negative goodwill has been recognised in the Group's balance sheet at 31 December 2016. The useful life of the land and buildings is 50 years, so negative goodwill has been amortised and released to the profit and loss account over 50 years.

Prestmade Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

12 Tangible fixed assets

Group	Land and buildings £'000	Fixtures, fittings tools and equipment £'000	Total £'000
<i>Cost or valuation</i>			
At 1 January 2019	461,123	62,657	523,780
Additions	78	1,403	1,481
	<hr/>	<hr/>	<hr/>
At 31 December 2019	461,201	64,060	525,261
	<hr/>	<hr/>	<hr/>
<i>Depreciation and impairment</i>			
At 1 January 2019	46,832	21,038	67,870
Charge for the year	6,067	6,672	12,739
	<hr/>	<hr/>	<hr/>
At 31 December 2019	52,899	27,710	80,609
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2019	408,302	36,350	444,652
	<hr/>	<hr/>	<hr/>
At 31 December 2018	414,291	41,619	455,910
	<hr/>	<hr/>	<hr/>

Revaluation

The following information relates to tangible fixed assets carried on a historical basis of revaluation.

The Muirgold Limited Company's hotel was revalued in 1999 by the directors having regard to an external valuation carried out in February 1998 and this has subsequently been treated as deemed cost.

Security

Bank loans, on which interest is paid at commercial rates, are secured on the land and buildings of the group.

Prestmade Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

13 Fixed asset investments – Company

Subsidiary undertakings

The following were subsidiary undertakings at the end of the year:

Name	Registered office address	Class of shares held	Ownership %
London Plaza Hotels Limited *	14 Chester Terrace, London, NW1 4ND	Ordinary shares	100
Logcrest Limited *	14 Chester Terrace, London, NW1 4ND	Ordinary shares	100
Dianter Holdings Limited *	263 Main Street, PO Box 2196, Road Tow, Tortola, BVI	Ordinary shares	100
Muirgold Limited	14 Chester Terrace, London, NW1 4ND	Ordinary shares	100
Carolia Tower Hotel Limited *	14 Chester Terrace, London, NW1 4ND	Ordinary shares	100
Woburn Properties Limited	14 Chester Terrace, London, NW1 4ND	Ordinary shares	100
Tradesup Limited	14 Chester Terrace, London, NW1 4ND	Ordinary shares	100
Cranefield Limited *	14 Chester Terrace, London, NW1 4ND	Ordinary shares	100
Tower Hill Holdings Limited	14 Chester Terrace, London, NW1 4ND	Ordinary shares	100

* Indirectly held

Prestmade Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

14 Stocks		
Group	2019 £'000	2018 £'000
Finished goods	152	114
	<hr/>	<hr/>
15 Debtors		
Group	2019 £'000	2018 £'000
Trade debtors	1,702	3,061
Amount due from related parties (note 27)	57,224	81,496
Other debtors	619	392
Prepayments and accrued income	792	791
	<hr/>	<hr/>
	60,337	85,740
	<hr/>	<hr/>
Group		
Amounts due within one year	60,337	85,740
Due after more than one year	-	-
	<hr/>	<hr/>
	60,337	85,740
	<hr/>	<hr/>
<p>Debtors due within one year includes £57,224,000 (2018 - £81,496,000) due from related parties. These loans are deemed payable on demand. The group has provided confirmation to the related parties that the loans will not be called for payment within twelve months of signing these accounts unless the related parties are in a position to make such repayments.</p>		
Company	2019 £'000	2018 £'000
Amounts due from subsidiary undertakings	113,949	119,729
Amounts due from related parties	-	25,667
	<hr/>	<hr/>
	113,949	145,396
	<hr/>	<hr/>
<p>All debtor amounts are due within one year. The company has provided confirmation to the subsidiary and related parties that the loans will not be called for payment within twelve months of signing these accounts unless the parties are in a position to make such repayments.</p>		
16 Cash and cash equivalents		
	2019 £'000	2018 £'000
Cash at bank and in hand	19,207	11,457
	<hr/>	<hr/>

Prestmade Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

17 Current asset investments – Group

	2019 £'000	2018 £'000
<i>Cost or valuation</i>		
Financial assets held for trading	505	567
Market value of investments at year end	505	567

18 Creditors: amounts falling due within one year

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Bank loans and overdraft (note 20)	6,037	10,400	-	-
Other loans payable	34,889	68,630	52,265	87,401
Amounts owed to group undertakings (note 27)	-	-	64,034	63,881
Pension fund loan (at 3% above clearing bank's base rate) (note 27)	2,846	2,846	-	-
Trade creditors	5,943	5,167	-	-
Others creditors	199	1,624	-	-
Amounts due to related party (note 27)	3,089	439	-	-
Corporation tax	1,176	822	-	-
Taxation and social security	2,534	1,300	-	-
Accruals and deferred income	12,154	10,638	4,451	3,290
	68,867	101,866	120,750	154,572

Other loans payable consist of £18,000,000 (2018 - £18,000,000) of loan stock listed on the Channel Islands Stock Exchange, bearing interest at 5%, repayable in full on 31 December 2028, £16,889,000 (2018 - £50,630,000) due to related companies repayable on demand and bearing interest at the rate of 5.70% and a further £17,376,000 due to related companies, interest free and repayable on demand. Accruals and deferred income includes accrued interest of £3,490,000 on the Channel Island loan notes. The Channel Island loan stock can be called for repayment with 3 months' notice at the discretion of the holder. These are therefore shown as current liabilities. The related parties and loan stock holders have provided confirmations to the company that the loans will not be called for payment within twelve months of signing these accounts unless the group companies are in a position to make such repayments.

18 Creditors: amounts falling due after more than one year

	2019 £'000	2018 £'000
Bank loans	394,524	400,115
Other financial liabilities (note 20)	9,400	8,603
Deferred tax liabilities (note 21)	2,040	603
Accruals and deferred income	3,807	3,981
	409,771	413,302

Prestmade Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

19 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2019 £'000	2018 £'000
Recognised in creditors falling due more than one year		
Secured bank loans	394,524	400,115
Recognised in creditors falling due within less than one year		
Secured bank loans	6,037	10,400
	400,561	410,515

The bank loans, on which interest is paid at commercial rates, are secured on the freehold and long leasehold property of the Group. The loan balance is stated net of unamortised loan arrangement fees of £2,839,000 (2018 - £3,285,000). The loan facility includes several financial covenants, being interest cover, loan to value and EBITDA measures. Interest rate swap agreements are in place for part of the loan which fixes interest at various different fixed rates.

20 Financial instruments – Group

Financial instruments by category:

Other financial assets at amortised cost

	2019 £'000	2018 £'000
Trade debtors (note 15)	1,702	3,061
Other debtors (note 15)	619	392
Related party loans (note 15)	57,224	81,496
Cash and cash equivalents (note 16)	19,207	11,457
	78,752	96,406

Other financial assets at fair value through profit and loss account

	2019 £'000	2018 £'000
Current asset investments (note 17)	505	567

Prestmade Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

20 Financial instruments – Group (continued)

Other financial liabilities

	2019 Other financial liabilities at amortised cost £'000	2019 Liabilities at fair value through profit and loss £'000	2018 Other financial liabilities at amortised cost £'000	2018 Liabilities at fair value through profit and loss £'000
Borrowings (note 18)	403,400	-	413,800	-
Related party loans (note 18)	3,089	-	439	-
Derivative financial instruments (note 18)	-	9,400	-	8,603
Other loans payable (note 18)	34,889	-	68,630	-
Pension Fund loan (note 18)	2,846	-	2,846	-
Trade creditors (note 18)	5,943	-	5,167	-
Other creditors (note 18)	199	-	1,624	-
Accruals (note 18)	11,027	-	9,545	-
	<u>461,393</u>	<u>9,400</u>	<u>502,051</u>	<u>8,603</u>

Derivative financial instruments

The fair value of interest rate swaps is based on the quotes provided by the lender.

Fair value gain/(loss) on derivative financial instruments represents the year on year increase/(decrease) in the present value of expected net cash inflow in interest rate derivative contracts.

The interest rates used to discount estimated cash flows, where applicable are based on two swaps which expire on 30 June 2024 and 28 June 2024 with respective fixed rates of 2.8025% (2018 - 2.8025%) and 1.855% (2018 - 1.855%).

Interest rate swaps

Interest rate swaps are maintained by the Group to hedge against its exposure to cash flow interest rate risk on variable rate borrowings.

Principal risks

Information regarding the Company's exposure to and management of principal risks is included in the Directors' report. The gains and losses in respect of the financial instrument can be referred to in Note 9.

Prestmade Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

21 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2019 Assets £'000	2018 Assets £'000	2019 Liabilities £'000	2018 Liabilities £'000	2019 Net £'000	2018 Net £'000
Arising on unutilised trading losses	1,547	2,801	-	-	1,547	2,801
Accelerated capital allowances	-	-	(1,539)	(1,221)	(1,539)	(1,221)
Arising on gain on property	-	-	(1,973)	(1,973)	(1,973)	(1,973)
Arising on fair value adjustments	-	-	(1,673)	(1,673)	(1,673)	(1,673)
Arising on financial liabilities	1,598	1,463	-	-	1,598	1,463
	<u>3,145</u>	<u>4,264</u>	<u>(5,185)</u>	<u>(4,867)</u>	<u>(2,040)</u>	<u>(603)</u>
Tax assets						

22 Provisions

	Deferred tax £'000
Balance at 1 January 2019	(603)
Net movement in provisions during the year	(1,437)
	<u>(2,040)</u>
Balance at 31 December 2019	<u>(2,040)</u>

23 Share capital

	2019 £'000	2018 £'000
<i>Allotted, called up and fully paid</i>		
21,664,361 (2018 - 21,664,361) ordinary shares of 25p each	5,641	5,641
	<u>5,641</u>	<u>5,641</u>

A dividend of £4,500,000 (2018 - £1,650,000) has been declared and paid during the year.

Prestmade Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

24 Investment in operating leases

The gross minimum lease receivables to which the group is entitled under operating leases are due in:

	2019 £'000	2018 £'000
Less than one year	225	225
Between one and five years	900	900
More than five years	586	811
Total	1,711	1,936

During the year £225,000 was recognised as income in the profit and loss account in respect of operating leases (2018 - £225,000).

25 Commitments under operating leases

Non-cancellable operating lease rentals are payable as follows:

	2019 £'000	2018 £'000
Less than one year	100	100
Between one and five years	350	400
More than five years	-	50
Total	450	550

During the year £100,000 was recognised as an expense in the profit and loss account in respect of operating leases (2018 - £100,000).

26 Ultimate controlling interest

In the opinion of the directors, the ultimate controlling party is Mrs G Bhatia.

Prestmade Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

27 Related party transactions

Group

The Group has amounts payable to Hertway Investments Limited bearing interest at 5.25% per annum. The balance outstanding at the year end is £16,889,063 (2018 - £50,630,459). The group has amounts receivable from Choicezone Limited and Roland House Limited under interest free loan agreements. The balances outstanding at the year end are £57,223,766 (2018 - £55,829,306) and £Nil (2018 - £25,667,420) respectively. In addition, the group has receivable balance from Roland House Limited of £13,944 (2018- £3,767,580) which has been fully provided for. Shelina Jetha, Nimet Esmail and the Burlington Trust equally own shares in Burlington Investments Limited, the ultimate parent company of Choicezone Limited, Roland House Limited and Hertway Investments Limited. There is no ultimate controlling party of the ultimate parent company. The Group has amounts payable to Mrs G Bhatia under interest free loan agreements and to the Bhatia Pension Trust, which carries interest at the rate of 3% over BOE base rate. The balances outstanding at the year-end are £3,089,000 (2018 - £439,000) and £2,846,000 (2018 - £2,846,000) respectively. The group has amounts payable to Shelina Jetha. The balance outstanding at the year end was £Nil (2018: £1,250,000). Loan stock of £960,548 is payable to a close family member of Mrs G Bhatia (2018: 960,548).

	Receivables outstanding 2019 £'000	Receivables outstanding 2018 £'000	Creditors outstanding 2019 £'000	Creditors outstanding 2018 £'000
Other related parties	57,224	81,496	22,824	53,915

Transactions with key management personnel

Total compensation of key management personnel (including the directors) in the year amounted to £446,000 (2018 - £446,000).

Company

The company had amounts receivable from Roland House Limited under interest free loan agreements. The balance outstanding at the year end is £Nil (2018 - £25,667,420). In addition, the company has receivable balance from Roland House Limited of £13,944 (2018- £3,767,580) which has been fully provided for. The company has amounts payable to Hertway Investments Limited bearing interest at 5.25% per annum. The balance outstanding at the year end is £16,889,063 (2018 - £50,630,459). The company has amounts payable to Choicezone Limited under interest free loan agreement. The balance outstanding at the year end is £17,373,234 (2018 - £18,771,225). Shelina Jetha, Nimet Esmail and the Burlington Trust equally own shares in Burlington Investments Limited, the ultimate parent company of Choicezone Limited and Hertway Investments Limited. There is no ultimate controlling party of the ultimate parent company. Loan stock of £960,548 is payable to a close family member of Mrs G Bhatia (2018: 960,548).

	Receivables Outstanding 2019 £'000	Receivables outstanding 2018 £'000	Creditors outstanding 2019 £'000	Creditors outstanding 2018 £'000
Other related parties	-	25,667	34,265	69,401
Subsidiary companies	113,949	119,729	64,034	63,881
	113,949	145,396	98,299	133,282

Prestmade Limited

**Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)**

27 Related party transactions (continued)

Subsidiary companies:

	Receivables Outstanding 2019 £'000	Receivables outstanding 2018 £'000	Creditors outstanding 2019 £'000	Creditors outstanding 2018 £'000
Tower Hill Holdings Limited	92,197	95,596	-	-
Tradesup Limited	21,752	24,133	-	-
Woburn Properties Limited	-	-	36,851	36,851
Muirgold Limited	-	-	27,183	27,030
	113,949	119,729	64,034	63,881

28 Subsequent events

Subsequent to the year end, and as discussed in note 1 to these financial statements: Basis of preparation – Going concern, the onset of the COVID-19 pandemic has had a profound impact on the Company and the wider UK economy. In accordance with FRS102, this is considered to be a non-adjusting event after the end of the reporting period that is not indicative of conditions that existed at the end of the reporting period.

The board has considered the existence of Covid-19 impacts on assets and liabilities of the business as reported as at the balance sheet date. In general, whilst hotel values may have been impacted by COVID-19, the location and condition of the group's hotels, and the expected return to normal trading in the medium term, lead the directors to conclude that the long term viability of its hotels is preserved.

As discussed in note 1, subsequent to the year end, as a result of the impacts of COVID-19, the group has secured additional facilities that ease the pressure on interest payments and have confirmed various waivers or adjustments to covenants beyond 12 months from the date of reporting.

As at the date of approval of the financial statements, amounts previously due to Mrs G Bhatia are within the control of her estate.