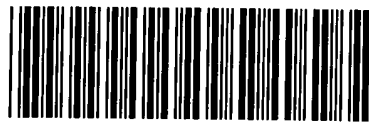


Staycity York Limited
Annual Report and Financial Statements
for the financial year ended 31 December 2021

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Company Number: 09204444

Staycity York Limited
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Staycity York Limited
DIRECTORS AND OTHER INFORMATION

Directors	Tom Walsh Wayne Arthur
Company Registration Number	09204444
Registered Office	Heathrow High Point Village Hayes London United Kingdom
Business Address	Paragon Street York United Kingdom
Independent Auditors	McInerney Saunders Chartered Accountants and Statutory Auditors 38 Main Street Swords Co. Dublin.
Bankers	Royal Bank of Scotland 36 St Andrew Square Edinburgh Scotland EH2 2AD
Solicitors	Addleshaw Goddard Exchange Tower 19 Canning Street Edinburgh Scotland EH3 8EH

Staycity York Limited

DIRECTORS' REPORT

for the financial year ended 31 December 2021

The directors present their report and the audited financial statements for the financial year ended 31 December 2021.

Principal Activity

The principal activity of the company is the provision of serviced apartment accommodation for the leisure and corporate sector.

Principal Risks and Uncertainties

Revenue and profitability in the first six months of 2021 was impacted by Covid-19 restrictions. Once restrictions started to ease in June 2021 we experienced a rapid rebound in domestic leisure travel (particularly the UK) and an uplift in essential corporate demand. International travel remained weak throughout 2021, advice to work from home impacted white-collar midweek corporate demand and Germany maintained strict restrictions for most of the year. Trading in late December was impacted by the Omicron variant. Despite these challenges, we were encouraged by a positive EBITDA outturn for the year; underpinned by strong cost controls and a rapid return to profitability once Covid restrictions eased.

During 2021 the business opened 1,200 new keys over 6 properties in Dublin, UK, France and Germany. There were some Covid related delays to opening, but as a group these properties exceeded their budgeted EBITDA performance on opening.

The post-Covid rebound has created challenges for Staycity and the sector, with hiring and retention of team members the most significant issues facing the industry. During peak periods over the summer of 2021, there were nation-wide linen shortages and many hotel operators closed rooms due to a combination of insufficient linen and staff. Fortunately, Staycity invested in on-premises laundry facilities during 2020 and 2021, enabling us to maintain laundry supplies. Labour turnover and wage inflation continue to be an issue, but Staycity is in a stronger position than most due to our 'operationally light' labour model. The investments made during 2020 in online check-in and removal of back-office procedures have supported productivity and provided further insulation from a difficult labour market. During 2021, operating margins benefitted from investments in sales and digital capability, this has supported a material channel shift to cheaper, direct bookings and a lower mix of online travel agency reservations. The Board and management recognise that we are operating in an inflationary environment, but remain confident that our 'Project 25' efficiency projects will not only off-set input costs, but will support margin growth as we scale.

Despite the rebound in demand, we remain cautious and liquidity, cost control and minimising cash burn remain a key focus for the management team. Total cash burn (before a €7m equity injection) was €7.8m in 2021, this was largely driven by €5.8m of capital expenditure on new hotel openings, refurbishments and IT investment. The Group suffered cash losses during the Covid lock-down period, but due to strong profitability in H2, efficiency projects and with the support of shareholders, the closing cash position was only (€0.8m) below December 2020. With €49.6m available liquidity in December 2021, the Directors believe there is significant headroom to trade through new economic shocks.

Having considered all available information, the Directors have satisfied themselves that it remains appropriate to prepare the financial statement on a going concern basis.

Results and Dividends

The profit/(loss) for the financial year after providing for depreciation and taxation amounted to £35,187 (2020 - £(9,331)).

Directors

The directors who served during the financial year are as follows:

Tom Walsh
Wayne Arthur

Staycity York Limited

DIRECTORS' REPORT

for the financial year ended 31 December 2021

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A (Small Entities). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

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

Disclosure of Information to Auditor

Each persons who is a director at the date of approval of this report confirms that:

In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditor in connection with preparing the auditor's report) of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditors

The auditors, McInerney Saunders, (Chartered Accountants) have indicated their willingness to continue in office in accordance with the provisions of Section 485 of the Companies Act 2006.

Staycity York Limited DIRECTORS' REPORT

for the financial year ended 31 December 2021

Post Balance Sheet Events

The start of 2022 was again dominated by Covid and the Omicron variant which impacted trading in January and February. Fortunately the impact was short-lived, and this has been followed by a strong recovery, driven by the much anticipated leisure rebound. This demand is driving pricing across the sector (particularly on weekends) and we are also starting to see corporate demand build as employees return to the office. Whilst we expected a recovery this year, it has been stronger than we anticipated and the Group is currently trading above 2019 levels on a like for like basis (we had not assumed a full recovery until 2025) and therefore we are currently tracking well above budget on revenues, EBITDA and cash.

The Group has opened 4 properties during 2022 in Manchester, Dublin, Frankfurt and Paris. These hotels, along with the 6 openings in 2021 are also collectively tracking ahead of budget on Revenue and EBITDA.

Since February 2022 the news headlines have been dominated by the war in Ukraine and the inflationary impact of this terrible conflict. Despite this human tragedy, we believe we have enough forward visibility of demand to remain confident of a strong outturn for 2022. Fortunately, the majority of our energy contracts are at fixed prices until the end of 2023 and 2024 (at pre-crisis pricing) and therefore the inflationary shock to our profits should be limited in the short term. There is a possibility that the current rebound in RevPar will be followed by a fall in consumer and business spending power and therefore our prudent approach to managing costs and liquidity will continue for the foreseeable future.

As part of the process to ensure Staycity has a strong balance sheet to withstand economic shocks and recessionary headwinds, the Group is well progressed with OakNorth Bank to extend its debt facilities well ahead of the 2023 renewal date. The Group expects to announce in early July 2022 that it has extended its £30m OakNorth facilities to July 2027, including enhanced covenant and commercial terms, reflecting the strengthening of performance as we exit Covid and profitably scale. In addition due to the economic uncertainty the Group has agreed terms with ISIF to extend its undrawn convertible debt facility from €20m to €30m. Both measures, along with the current cash position of €20m+ will ensure that Staycity has sufficient working capital to expand and protect against a downturn if it happens.

Special provisions relating to small companies

The above report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board



Tom Walsh
Director

29 June 2022



Wayne Arthur
Director

29 June 2022

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Staycity York Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Staycity York Limited ('the company') for the financial year ended 31 December 2021 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is applicable Law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A (Small Entities).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the financial 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 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Staycity York Limited

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

Responsibilities of directors for the financial statements

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 they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or has 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Further information regarding the scope of our responsibilities as auditor

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Staycity York Limited

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



Owen Sheehy (Senior Statutory Auditor)

for and on behalf of

MCINERNEY SAUNDERS

Chartered Accountants and Statutory Auditors

38 Main Street

Swords

Co. Dublin.

30 June 2022

Staycity York Limited
INCOME STATEMENT

for the financial year ended 31 December 2021

	Notes	2021 £	2020 £
Turnover		4,478,895	3,085,272
Cost of sales		(3,273,183)	(3,066,225)
Gross profit		1,205,712	19,047
Administrative expenses		(1,288,644)	(227,213)
Other operating income		127,714	211,250
Profit before taxation		44,782	3,084
Tax on profit		(9,595)	(12,415)
Profit/(loss) for the financial year		35,187	(9,331)
Total comprehensive income		35,187	(9,331)

Stacycity York Limited

Company Registration Number: 09204444

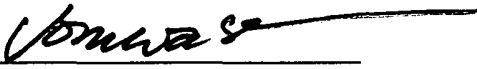
BALANCE SHEET

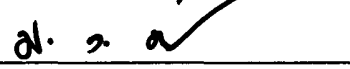
as at 31 December 2021

	Notes	2021 £	2020 £
Fixed Assets			
Tangible assets	5	478,547	544,261
Current Assets			
Stocks	6	4,725	2,702
Debtors	7	2,672,975	2,469,089
Cash and cash equivalents		420,630	184,749
		3,098,330	2,656,540
Creditors: amounts falling due within one year	8	(1,279,270)	(781,989)
Net Current Assets		1,819,060	1,874,551
Total Assets less Current Liabilities		2,297,607	2,418,812
Creditors:			
amounts falling due after more than one year	9	(625,329)	(781,721)
Net Assets		1,672,278	1,637,091
Capital and Reserves			
Called up share capital		1	1
Retained earnings		1,672,277	1,637,090
Equity attributable to owners of the company		1,672,278	1,637,091

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A (Small Entities).

Approved by the Board and authorised for issue on 29 June 2022 and signed on its behalf by


 Tom Walsh
 Director


 Wayne Arthur
 Director

Staycity York Limited
STATEMENT OF CHANGES IN EQUITY
as at 31 December 2021

	Called up share capital £	Retained earnings £	Total £
At 1 January 2020	1	1,646,421	1,646,422
Loss for the financial year	-	(9,331)	(9,331)
At 31 December 2020	1	1,637,090	1,637,091
Profit for the financial year	-	35,187	35,187
At 31 December 2021	1	1,672,277	1,672,278

Staycity York Limited

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2021

1. General Information

Staycity York Limited is a company limited by shares incorporated in the United Kingdom. Arc Apartments, The Arcadian Centre, Hurst Street, Birmingham, B5 4TD is the registered office. The nature of the company's operations and its principal activities are set out in the Directors' Report. The financial statements have been presented in Pound Sterling (£) which is also the functional currency of the company.

2. Summary of Significant Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Statement of compliance

The financial statements of the company for the year ended 31 December 2021 have been prepared in accordance with the provisions of FRS 102 Section 1A (Small Entities) and the Companies Act 2006.

Basis of preparation

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Turnover

Turnover comprises the invoice value, excluding value added tax, of sales made during the year.

Pensions

The pension costs charged in the financial statements represent the contributions payable by the group to the UK workplace Pension under the Auto Enrolment Scheme run by Peoples Pension.

Tangible assets and depreciation

Tangible assets are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of tangible assets, less their estimated residual value, over their expected useful lives as follows:

Short leasehold property	- over life of the lease and straight line over 7 years
Fixtures, fittings and equipment	- Straight line over 7 years
IT Equipment	- Straight line over 7 years

The carrying values of tangible fixed assets are reviewed annually for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Leasing

Rentals payable under operating leases are dealt with in the Income Statement as incurred over the period of the rental agreement.

Stocks

Stocks are valued at the lower of cost and net realisable value. Stocks are determined on a first-in first-out basis. Cost comprises expenditure incurred in the normal course of business in bringing stocks to their present location and condition. Full provision is made for obsolete and slow moving items. Net realisable value comprises actual or estimated selling price (net of trade discounts) less all further costs to completion or to be incurred in marketing and selling.

Staycity York Limited

NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 31 December 2021

Trade and other debtors

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases the receivables are stated at cost less impairment losses for bad and doubtful debts.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the Balance Sheet bank overdrafts are shown within Creditors.

Trade and other creditors

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest rate method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

Employee benefits

The group provides a range of benefits to certain employees including staff life cover and permanent health insurance. These short-term benefits are recognised as an expense in the period in which the service is received. The company also provide access to pensions for their employees.

Taxation and deferred taxation

Current tax represents the amount expected to be paid or recovered in respect of taxable profits for the financial year and is calculated using the tax rates and laws that have been enacted or substantially enacted at the Balance Sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax in the future, or a right to pay less tax in the future. Timing differences are temporary differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured on an undiscounted basis at the tax rates that are anticipated to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Government grants

Capital grants received and receivable are treated as deferred income and amortised to the Income Statement annually over the useful economic life of the asset to which it relates. Revenue grants are credited to the Income Statement when received.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the Balance Sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the rates of exchange ruling at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The resulting exchange differences are dealt with in the Income Statement.

Ordinary share capital

The ordinary share capital of the company is presented as equity.

3. Other Operating Income - Grant Income

During the year under review, the company has received grant income from the UK Coronavirus Job Retention Scheme. The total amount of the Grant is £85,789. The Grant has been recognised as income in accordance with the performance model accounting policy.

Staycity York Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 31 December 2021

4. Employees

The average monthly number of employees, including directors, during the financial year was as follows:

	2021 Number	2020 Number
Sales, Operations and Administration	28	26

5. Tangible assets

	Short leasehold property £	Fixtures, fittings and equipment £	IT Equipment £	Total £
Cost or Valuation				
At 1 January 2021	543,442	190,935	85,840	820,217
Additions	4,121	6,227	1,647	11,995
At 31 December 2021	547,563	197,162	87,487	832,212
Depreciation				
At 1 January 2021	109,894	96,906	69,156	275,956
Charge for the financial year	37,591	27,698	12,420	77,709
At 31 December 2021	147,485	124,604	81,576	353,665
Net book value				
At 31 December 2021	400,078	72,558	5,911	478,547
At 31 December 2020	433,548	94,029	16,684	544,261

6. Stocks

	2021 £	2020 £
Finished goods and goods for resale	4,725	2,702

The replacement cost of stock did not differ significantly from the figures shown.

7. Debtors

	2021 £	2020 £
Trade debtors	302,936	81,593
Amounts owed by group undertakings	1,860,717	1,856,809
Other debtors	14,778	7,879
Taxation (Note 10)	79,899	155,025
Prepayments and accrued income	414,645	367,783
	2,672,975	2,469,089

Staycity York Limited **NOTES TO THE FINANCIAL STATEMENTS**

continued

for the financial year ended 31 December 2021

8. Creditors	2021	2020
Amounts falling due within one year	£	£
Trade creditors	(4,723)	43,761
Amounts owed to group undertakings	643,707	252,554
Taxation (Note 10)	13,408	70,264
Other creditors	562	-
Accruals and deferred income:		
Pension accrual	2,621	2,404
Other accruals	623,695	413,006
	<u>1,279,270</u>	<u>781,989</u>

OakNorth Bank PLC hold by way of security over borrowings in Staycity Investments Limited (a fellow subsidiary of Staycity Investments Holdings Limited) an English law composite mortgage debenture.

9. Creditors	2021	2020
Amounts falling due after more than one year	£	£
Accrued expenditure	625,329	781,721

10. Taxation	2021	2020
	£	£
Debtors:		
VAT	20,796	65,578
Corporation tax	59,103	89,447
	<u>79,899</u>	<u>155,025</u>
Creditors:		
PAYE / NI	13,408	70,264

11. Pension costs - defined contribution

The pension costs charged in the financial statements represent the contributions payable by the group to the UK workplace Pension under the Auto Enrolment Scheme run by Peoples Pension. Pension costs amounted to £10,768 (2020: £11,794).

12. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and Buildings	
	2021	2020
	£	£
Due:		
Within one year	1,782,091	1,563,442
Between one and five years	7,128,365	7,035,489
In over five years	39,884,545	39,917,030
	<u>48,795,001</u>	<u>48,515,961</u>

Staycity York Limited

NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 31 December 2021

13. Related party transactions

The company has availed of the exemption under FRS 102 in relation to the disclosure of transactions with group undertakings.

14. Parent and ultimate parent company

The company regards Staycity Limited as its parent company.

Staycity Investments Holdings Limited is the ultimate parent undertaking of the group.

The parent of the largest group in which the results are consolidated is Staycity Investments Holdings Limited.

Staycity Investments Holdings Limited is registered in Ireland.

15. Post-Balance Sheet Events

The start of 2022 was again dominated by Covid and the Omicron variant which impacted trading in January and February. Fortunately the impact was short-lived, and this has been followed by a strong recovery, driven by the much anticipated leisure rebound. This demand is driving pricing across the sector (particularly on weekends) and we are also starting to see corporate demand build as employees return to the office. Whilst we expected a recovery this year, it has been stronger than we anticipated and the Group is currently trading above 2019 levels on a like for like basis (we had not assumed a full recovery until 2025) and therefore we are currently tracking well above budget on revenues, EBITDA and cash.

The Group has opened 4 properties during 2022 in Manchester, Dublin, Frankfurt and Paris. These hotels, along with the 6 openings in 2021 are also collectively tracking ahead of budget on Revenue and EBITDA.

Since February 2022 the news headlines have been dominated by the war in Ukraine and the inflationary impact of this terrible conflict. Despite this human tragedy, we believe we have enough forward visibility of demand to remain confident of a strong outturn for 2022. Fortunately, the majority of our energy contracts are at fixed prices until the end of 2023 and 2024 (at pre-crisis pricing) and therefore the inflationary shock to our profits should be limited in the short term. There is a possibility that the current rebound in RevPar will be followed by a fall in consumer and business spending power and therefore our prudent approach to managing costs and liquidity will continue for the foreseeable future.

As part of the process to ensure Staycity has a strong balance sheet to withstand economic shocks and recessionary headwinds, the Group is well progressed with OakNorth Bank to extend its debt facilities well ahead of the 2023 renewal date. The Group expects to announce in early July 2022 that it has extended its £30m OakNorth facilities to July 2027, including enhanced covenant and commercial terms, reflecting the strengthening of performance as we exit Covid and profitably scale. In addition due to the economic uncertainty the Group has agreed terms with ISIF to extend its undrawn convertible debt facility from €20m to €30m. Both measures, along with the current cash position of €20m+ will ensure that Staycity has sufficient working capital to expand and protect against a downturn if it happens.