

HYDRO HOTEL, EASTBOURNE, PLC

Company Registration No. 00044514 (England and Wales)



Report and Financial Statements

Year ended 31 October 2011

HYDRO HOTEL, EASTBOURNE, PLC

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HYDRO HOTEL, EASTBOURNE, PLC

CHAIRMAN'S STATEMENT

Results for year ended October 31, 2011

Trading conditions during 2011 continued to be difficult for the company. In the first half year there were some signs of improved customer confidence but this diminished in the second half as the UK's and Europe's finances came under increasing pressure and scrutiny. Both private and corporate customers reverted to being more cautious in their spending. Turnover for the year fell 6.6% compared to 2010, and gross margins fell 0.8% as the company was not able to pass on rising food and liquor prices and maintain volumes. Wages costs were reduced by 5.8% which is creditable bearing in mind the increase in national minimum wage in October 2010 was 2.2%. Overheads were also reduced by 2.1%. The post tax profit for the year decreased to £41,033 from £107,582. While this is insufficient to cover a maintained dividend again this year, the company has strong reserves and assets and so we are able to declare reduced dividends totalling 18 pence per share absorbing £108,000 compared to 27 pence per share, £162,000, in the previous year.

Developments since October 31, 2011

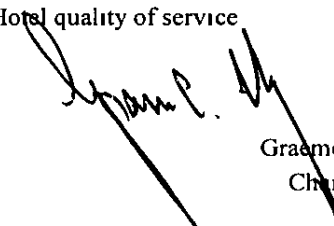
Forward bookings are currently slightly above the level of a year ago, and the company has won some new group bookings. Management will continue to keep a very close eye on expenditure, while ensuring that we attract profitable custom. We have started a project to renovate the main cocktail bar and integrate it better with the serving area in the conservatory to improve customer service in a growing part of the business. We have obtained planning permission to build an extension to the side entrance from the car park to install a revolving door to cut down draughts in the lounge area, and this project is underway. We will also carry out repairs to the vertical tiling to the east wing. This is an expensive but necessary project in an old building.

We have been reviewing the shareholders discount scheme offering shareholders with 200 shares or more a special 10% discount on full tariff accommodation and dining in the restaurant. We have decided to extend the discount to cover meals taken in the conservatory and lounges, and also to include special breaks. Full details are shown on the company's web site and in my letter to shareholders last December. I hope this will encourage shareholders to make full use of the hotel's facilities, and reward them for their loyalty in supporting the company.

Our Staff

Ian Turnbull, our Executive Director and General Manager of the hotel, has again led his team effectively during a year with a very challenging operating environment, ably assisted by Martin Hollands our Financial Controller who has kept a close eye on expenditure and cash flow. I wish to record our thanks to them and to all our staff for their dedicated attention to the needs of the business, and their cheerful maintenance of the Hydro Hotel quality of service.

17 January 2012



Graeme C King, MA, CA
Chairman of the Board

HYDRO HOTEL, EASTBOURNE, PLC

REPORT OF THE DIRECTORS

The Directors submit their Report and the audited Financial Statements for the year ended 31 October 2011

PRINCIPAL ACTIVITY - The Company carries on the business of hoteliers. It has no subsidiary companies.

REVIEW OF THE BUSINESS - The Company has been operating the 83 bedroom Hydro Hotel, Mount Road, Eastbourne, which it owns freehold, since 1895. The Directors have reviewed whether to expand the business to operate from additional locations, but for the time being have decided to focus on maximising the business at Hydro Hotel.

Hydro Hotel aims to be the pre-eminent traditional three star hotel in the Eastbourne area, offering a high quality product with excellent service, giving perceived value for money to our customers.

The Company's shares are quoted on the PLUS Markets exchange.

Performance Measurement and Key Performance Indicators

In order to measure the success of the Company in meeting its objectives and to evaluate the performance of management, the Directors review the following key performance indicators at their regular monthly Board meetings:

- REVPAR (Revenue achieved per available room)
- Food and Beverage sales and gross profit achieved
- Staff costs and overheads, compared to sales

The Directors also review marketing activities undertaken and planned, future bookings, feedback from customers on service provided, employee changes, capital and refurbishment plans, budgets and expenditure, and cash management.

Business Development

Turnover from the Hydro Hotel operation decreased during the year by 6.6%. Revpar decreased by 6.3%, and Food and Beverage gross profit decreased by 7.5%. Staff costs and overheads decreased by 4.1%.

The Company generated cash from ongoing operations of £263,623 and invested £187,671 in new fixed assets. The Company re-equipped the kitchen and modernised its layout, enlarged the reception and relocated the sales office to be adjacent, and purchased new reservation software to improve internet booking capability and to be Payment Card Industry Standard compliant.

During the year the Company paid ordinary dividends of £162,000. At the year end the Company had a satisfactory net current asset position of £695,873.

Risk Factors

Risks regularly reviewed by the Directors which could materially affect the Company's business are:

Reputational risk - The Company must consistently ensure that its offering to customers and the delivery of service meets their requirements, and adjusts to changes in market trends over time.

Staffing risk - The Company must recruit, train, and retain sufficient high quality staff to enable it to deliver its service to customers.

Hotel facility deterioration - The Company must continually invest to refresh its facilities, and if necessary change its offering, to meet the requirements of the market.

Fire, Health and Safety, and Environmental Health - The Company must ensure that its premises and practices provide a safe environment for guests and staff, and comply with regulations.

General economic situation in the UK - The Company is liable to be affected by changes in customer and business sector confidence and spending power, and may need to adjust its operations accordingly.

HYDRO HOTEL, EASTBOURNE, PLC

REPORT OF THE DIRECTORS (CONTINUED)

Future Developments

The Chairman's Statement on page 2 covers future developments

TRADING RESULTS - The profit for the financial year after taxation was £41,033 (2010 £107,582)

DIVIDENDS - An interim dividend at the rate of 6 0p per share has been declared by the directors for payment on 19 January 2012 amounting to £36,000 and a second interim dividend at the rate of 12 0p per share amounting to £72,000 has been declared by the directors for payment on 3 May 2012 to shareholders on the register on 17 April 2012. The directors do not propose the payment of a final dividend.

DIRECTORS - G C King retires and being eligible, offers himself for re-election

Those persons who held office during the year and their interest in the shares of the company at the beginning and end of the year were as follows

		1 November 2010	31 October 2011
C P Freeman, FCA, CTA(Fellow)		1,000 shares	2,000 shares
G C King, MA, CA		2,500 shares	7,000 shares
J A Martyr, FIH		250 shares	250 shares
Mrs M R Peck, MA(Oxon)	- beneficial	5,111 shares	5,111 shares
	- non-beneficial	5,000 shares	5,000 shares
I A Turnbull MIH		300 shares	500 shares

GOING CONCERN - The Directors are confident, on the basis of current financial projections and facilities available, that the Company has adequate resources to continue in operation for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the Financial Statements.

PAYMENT TO CREDITORS - The Company agrees terms and conditions for business transactions with its suppliers. Payment is then made in accordance with these terms, subject to the terms and conditions being met by the supplier. Suppliers' accounts are settled on average within 23 days of invoice.

INSURANCE - To preclude the possibility of the Company incurring expenses which might arise from the need to indemnify a Director from claims made against him or her or the cost associated with their defence, the Company has effected Directors' liability insurance as permitted by the Companies Act 2006.

FINANCIAL RISK MANAGEMENT

Treasury activities take place under procedures and policies approved and monitored by the Board. They are designed to minimise the financial risks faced by the Company, i.e. liquidity risk, credit risk and interest rate risk. The Board considers that the Company is not exposed to price risk or foreign exchange risk.

Liquidity risk - The Company manages its liquidity to ensure that sufficient funds are available for ongoing operations and future developments whilst seeking to maximise interest income and minimise interest expense.

Credit risk - The Company's principal financial assets are bank balances and trade debtors. Credit risk on bank balances is limited as the Board only deposits funds with banks authorised and regulated by the Financial Services Authority which have high credit ratings. Trade debtor balances are monitored on an ongoing basis and provision is made for doubtful debts as necessary.

Interest rate risk - The Company is exposed to interest rate risk on its bank balances. The Board monitors interest rates available for the Company's funds taking into account the Company's liquidity and credit risk requirements.

HYDRO HOTEL, EASTBOURNE, PLC

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS' RESPONSIBILITIES - The Directors are responsible for preparing the Report of the Directors 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). 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 then apply them consistently,
- * make judgements and estimates that are reasonable and prudent,
- * state whether applicable UK accounting standards have been followed, 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.

So far as each of the Directors is aware at the time the report is approved, there is no relevant audit information of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report was approved by the Board of Directors on 17 January 2012 and signed on behalf of the Board by

Mount Road
Eastbourne
East Sussex
BN20 7HZ


C P FREEMAN, FCA, CTA(Fellow),

Secretary

HYDRO HOTEL, EASTBOURNE, PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HYDRO HOTEL, EASTBOURNE, PLC

We have audited the financial statements of Hydro Hotel, Eastbourne, plc for the year ended 31 October 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Reconciliation of Movements in Shareholders' Funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 October 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

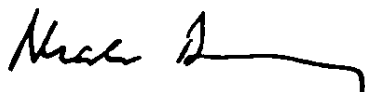
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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 returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



William Neale Bussey (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Brighton

17 January 2012

HYDRO HOTEL, EASTBOURNE, PLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2011

	<i>Notes</i>	2011 £	2010 £
TURNOVER	2	3,068,340	3,286,230
Cost of sales		2,849,214	2,972,071
GROSS PROFIT		219,126	314,159
Administrative expenses		185,953	186,956
OPERATING PROFIT	3	33,173	127,203
INTEREST RECEIVABLE		13,196	11,910
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		46,369	139,113
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	5	5,336	31,531
PROFIT FOR THE YEAR	10	41,033	107,582
EARNINGS PER SHARE - CONTINUING OPERATIONS	13	6 83p	17 93p

TOTAL RECOGNISED GAINS AND LOSSES - there are no recognised gains or losses other than the profit for the year as stated above

All the above relate to continuing activities

HYDRO HOTEL, EASTBOURNE, PLC

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2011 £	2010 £
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	46,369	139,113
Difference between the historical cost depreciation charge on freehold land and buildings and the actual depreciation charge for the year calculated on revalued amounts	5,927	5,927
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION USING HISTORICAL COST DEPRECIATION CHARGE FOR YEAR	<u>52,296</u>	<u>145,040</u>
PROFIT FOR YEAR ON HISTORICAL COST BASIS	<u>46,960</u>	<u>113,509</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
PROFIT FOR THE YEAR	41,033	107,582
Dividends paid (Note 4)	(162,000)	(162,000)
NET (REDUCTION IN) SHAREHOLDERS' FUNDS	<u>(120,967)</u>	<u>(54,418)</u>
SHAREHOLDERS' FUNDS AT 1 NOVEMBER	3,549,210	3,603,628
SHAREHOLDERS' FUNDS AT 31 OCTOBER	<u>3,428,243</u>	<u>3,549,210</u>

HYDRO HOTEL, EASTBOURNE, PLC

BALANCE SHEET AT 31 OCTOBER 2011

	Notes	£	2011	£	2010	£
FIXED ASSETS						
Tangible Assets						
Freehold land and buildings	6		1,759,626		1,748,871	
Furniture and equipment	6		1,072,740		1,136,411	
			<u>2,832,366</u>		<u>2,885,282</u>	
CURRENT ASSETS						
Stocks		34,324		37,870		
Debtors	7	107,668		114,537		
Cash at bank and in hand		1,017,786		1,104,522		
			<u>1,159,778</u>		<u>1,256,929</u>	
CREDITORS						
Amounts falling due within one year	8	(463,905)		(485,083)		
			<u>695,873</u>		<u>771,846</u>	
NET CURRENT ASSETS						
			<u>3,528,239</u>		<u>3,657,128</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES						
PROVISION FOR LIABILITIES AND CHARGES 9						
			<u>(99,996)</u>		<u>(107,918)</u>	
TOTAL ASSETS LESS LIABILITIES						
			<u>3,428,243</u>		<u>3,549,210</u>	
CAPITAL AND RESERVES						
Ordinary Shares - of £1 each called up & fully paid			600,000		600,000	
Revaluation Reserve	10		419,959		425,886	
Profit and Loss Account	10		2,408,284		2,523,324	
			<u>3,428,243</u>		<u>3,549,210</u>	
EQUITY SHAREHOLDERS' FUNDS						
			<u>3,428,243</u>		<u>3,549,210</u>	

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 17 January 2012

G C King

Directors

M R Peck

Company Registration No 00044514

HYDRO HOTEL, EASTBOURNE, PLC

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2011

	<i>Notes</i>	2011	2010
		£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	<i>1</i>	263,623	323,716
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest receivable		<u>13,196</u>	<u>11,910</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND FROM SERVICING OF FINANCE		13,196	11,910
TAXATION			
Corporation tax paid		(14,908)	(7,997)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(187,671)	(256,782)
Receipts from sale of tangible fixed assets		<u>-</u>	<u>500</u>
		(187,671)	(256,282)
EQUITY DIVIDENDS PAID		<u>(162,000)</u>	<u>(162,000)</u>
NET CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING	<i>2</i>	(87,760)	(90,653)
MANAGEMENT OF LIQUID RESOURCES			
Increase in short-term deposits		(350,000)	-
Disposal of Henderson Liquid Assets Fund UCITS		<u>-</u>	<u>600,000</u>
(DECREASE)/INCREASE IN CASH	<i>3</i>	<u><u>(437,760)</u></u>	<u><u>509,347</u></u>

HYDRO HOTEL, EASTBOURNE, PLC

NOTES TO THE CASH FLOW STATEMENT

	2011 £	2010 £
1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Operating profit	33,173	127,203
Depreciation	221,356	231,618
Loss/(Profit) on disposal of Fixed Assets	19,231	(500)
Decrease in Stocks	3,546	4,099
Decrease in Debtors	6,869	5,924
(Decrease) in Creditors	(20,552)	(44,628)
Net cash inflow from operating activities	263,623	323,716

2 ANALYSIS OF CHANGES IN NET FUNDS

	1 November 2010	Cash Flows	31 October 2011
Cash at bank and in hand	1,104,522	(436,736)	667,786
Bank overdraft	-	(1,024)	(1,024)
Cash	1,104,522	(437,760)	666,762
Short-term deposits	-	350,000	350,000
	1,104,522	(87,760)	1,016,762

Short-term deposits are included within cash at bank and in hand in the balance sheet

	2011 £	2010 £
3 RECONCILIATION OF MOVEMENT IN CASH TO MOVEMENT IN NET FUNDS		
(Decrease)/Increase in cash for the year	(437,760)	509,347
Cash outflow from short-term deposits	350,000	-
Movement in net funds	(87,760)	509,347
Net funds at 1 November	1,104,522	595,175
Net funds at 31 October	1,016,762	1,104,522

The dividend bank account previously disclosed within other debtors is now included in cash at bank and in hand. The comparatives have been adjusted by £6,025 for consistency.

HYDRO HOTEL, EASTBOURNE, PLC

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

Accounting convention

The Financial Statements have been prepared under the historical cost convention with the exception of certain freehold buildings that had been revalued. The accounting policies comply in all material respects with all applicable U K Accounting Standards and law.

Turnover

Turnover represents the amount net of VAT charged for services rendered in the period.

Tangible fixed assets

(i) Freehold land and buildings

The Directors adopted Financial Reporting Standard (FRS 15) "Tangible fixed assets" for the Company's Financial Statements for the year ended 31 October 2000. The Directors took advantage of the transitional arrangements available to retain the book amounts of freehold properties which were revalued on 31 October 1990 by a firm of Chartered Surveyors on the open market value basis. This revaluation has not been updated.

Depreciation has been provided from 1 November 1999 at rates calculated to write off the cost or valuation on a straight line basis over the following expected useful lives:

Land	- not depreciated
Buildings	- 100 years

(ii) Furniture and equipment

Depreciation is provided on furniture and equipment at rates calculated to write off the cost of the fixed assets over their useful lives. The depreciation rates are determined in accordance with commercial practice for the hotel industry on a straight line basis over 5, 10 or 15 years.

Stock

Stocks comprise consumable provisions and stores valued at the lower of cost or net realisable value.

Hire of Equipment

Rentals payable under operating leases are charged to Profit and Loss Account as incurred.

Pensions

Defined contribution pension schemes

Defined contribution schemes are set up for employees at the Directors' discretion and the assets of these schemes are held separately being invested with an insurance company. The charge for the year is the amount of contributions payable by the Company.

HYDRO HOTEL, EASTBOURNE, PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

Deferred taxation

In accordance with Financial Reporting Standard (FRS 19) "Deferred tax" the Company provides deferred tax in full on timing differences which result in an obligation at the Balance Sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law

Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax balances are not discounted.

2 TURNOVER

The turnover and operating profit are wholly attributable to the Company's sole activity as hoteliers

3 OPERATING PROFIT

The operating profit has been arrived at after charging

	2011 £	2010 £
Auditors' remuneration		
Hydro Hotel, Eastbourne, plc		
Audit fees - Mazars LLP	10,600	10,250
Audit fees - PKF (UK) LLP	(385)	1,500
All other services - PKF (UK) LLP	175	3,421
All other services - Mazars LLP	5,850	-
	<u>16,240</u>	<u>15,171</u>
Depreciation		
Freehold buildings	11,145	11,015
Furniture and equipment	210,211	220,603
	<u>221,356</u>	<u>231,618</u>
Directors' remuneration		
Directors' emoluments	97,249	96,196
Pension contributions	2,014	1,969
	<u>99,263</u>	<u>98,165</u>

The number of directors for whom retirement benefits are accruing under money purchase schemes amounted to 1 (2010 - 1)

HYDRO HOTEL, EASTBOURNE, PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3	OPERATING PROFIT (CONTINUED)	2011 £	2010 £
	Employee information		
	Staff costs		
	Wages and salaries	1,206,415	1,279,780
	Employer's social security costs	88,759	94,979
	Employer's pension costs	4,819	4,714
		<u>1,299,993</u>	<u>1,379,473</u>
	The average number of employees during the year was	Number	Number
	Administrative	2	2
	Other	85	89
		<u>87</u>	<u>91</u>
4	DIVIDENDS		
	Paid during the year -		
	Interim dividend 7 0p (2010 - 7 0p)	42,000	42,000
	Final dividend 20 0p (2010 - 20 0p)	120,000	120,000
		<u>162,000</u>	<u>162,000</u>

An interim dividend of £36,000 (2010 £42,000) has been declared by the directors for payment on the 19 January 2012 to shareholders on the register on Wednesday 21 December 2011, and a second interim dividend of £72,000 (2010 £120,000) has been declared by the directors for payment on the 3 May 2012 to shareholders on the register on Tuesday 17 April 2012

HYDRO HOTEL, EASTBOURNE, PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2011 £	2010 £
5 TAXATION		
U K corporation tax charge at the rate of 20.41% (2010 rate 21%)		
For the year	13,259	14,909
Adjustment in respect of previous periods	(1)	-
	<hr/>	<hr/>
Current tax charge	13,258	14,909
Deferred taxation on origination and reversal of timing differences	(7,922)	16,622
	<hr/>	<hr/>
Taxation on profit on ordinary activities	5,336	31,531
	<hr/>	<hr/>
Factors affecting tax charge for period		
Profit on ordinary activities before taxation	46,369	139,113
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the average rate of corporation tax in the U K for the year of 20.41% (2010 rate 21%)	9,465	29,214
Expenses not deductible for tax purposes	3,919	(63)
Capital allowances for year in excess of depreciation	(125)	(14,242)
Adjustment to tax charge in respect of previous period	(1)	-
	<hr/>	<hr/>
Current tax charge for period	13,258	14,909
	<hr/>	<hr/>

HYDRO HOTEL, EASTBOURNE, PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Furniture and Equipment £	Total £
<i>Revaluation/Cost</i>			
Brought forward at 1 November 2010	1,858,189	2,108,332	3,966,521
Additions in the year	21,900	165,771	187,671
Disposals in the year	-	(131,530)	(131,530)
	<u>1,880,089</u>	<u>2,142,573</u>	<u>4,022,662</u>
Carried forward at 31 October 2011			
Valuation at 31 October 1990	1,440,000		
Additions at cost to 31 October 2011	440,089		
	<u>1,880,089</u>		
<i>Depreciation</i>			
Brought forward at 1 November 2010	109,318	971,921	1,081,239
Charge for the year	11,145	210,211	221,356
Disposals in the year	-	(112,299)	(112,299)
	<u>120,463</u>	<u>1,069,833</u>	<u>1,190,296</u>
Carried forward at 31 October 2011			
Book Value at 31 October 2011	<u>1,759,626</u>	<u>1,072,740</u>	<u>2,832,366</u>
Book Value at 1 November 2010	<u>1,748,871</u>	<u>1,136,411</u>	<u>2,885,282</u>

Included within the Book Value of Freehold Land and Buildings at 31 October 2011 is £771,773 of non depreciated land

The Book Value at 31 October 2011 of the Company's fixed assets on an historic cost basis is -

	Freehold Land and Buildings £	Furniture and Equipment £	Total £
Cost	602,769	2,142,575	2,745,344
Accumulated depreciation	(49,342)	(1,069,835)	(1,119,177)
	<u>553,427</u>	<u>1,072,740</u>	<u>1,626,167</u>
Net historic book value			

HYDRO HOTEL, EASTBOURNE, PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7	DEBTORS	2011 £	2010 £
	Amounts falling due within one year		
	Trade debtors	79,171	77,376
	Other debtors	1,115	23
	Prepayments and accrued income	27,382	37,138
		<u>107,668</u>	<u>114,537</u>

The dividend bank account previously disclosed within other debtors is now included in cash at bank and in hand. The comparatives have been adjusted by £6,025 for consistency.

8	CREDITORS		
	Amounts falling due within one year		
	Bank overdraft	1,024	-
	Trade creditors	211,922	224,518
	Corporation tax	13,259	14,909
	Other taxation and social security	160,634	155,093
	Accruals	77,066	90,563
		<u>463,905</u>	<u>485,083</u>

9	PROVISION FOR LIABILITIES AND CHARGES		
	Deferred tax		
	Balance brought forward	107,918	91,296
	Movement in the year	(7,922)	16,622
	Balance carried forward	<u>99,996</u>	<u>107,918</u>

The deferred taxation liability of £99,996 relates to the effects of accelerated capital allowances claimed.

10	RESERVES	Revaluation Reserve	Profit and Loss	2011 Total	2010 Total
		£	£	£	£
	Balance at 1 November	425,886	2,523,324	2,949,210	3,003,628
	Retained profit for the year	-	41,033	41,033	107,582
	Transfer of depreciation on revalued assets	(5,927)	5,927	-	-
	Dividends paid in the year (Note 4)	-	(162,000)	(162,000)	(162,000)
	Balance at 31 October	<u>419,959</u>	<u>2,408,284</u>	<u>2,828,243</u>	<u>2,949,210</u>

HYDRO HOTEL, EASTBOURNE, PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 PENSIONS

Defined contribution pension schemes

Contributions paid during the year ended 31 October 2011 amounted to £4,819 (2010 £4,714)

The Company has no defined benefit pension scheme

12 DIRECTORS' AND OFFICERS' INTERESTS AND RELATED PARTY MATTERS

Mr C P Freeman the Company Secretary and Director is a partner in Perkins Copeland, Chartered Accountants. This firm provided accountancy, taxation, secretarial and registration services to the Company costing £54,830 during the year ended 31 October 2011 (2010 £56,600). The amount outstanding and due to Perkins Copeland at 31 October 2011 was £23,756 (2010 £32,649) and is included in Creditors. Amounts falling due within one year (Note 8).

No other Director was materially interested, either at the year end or during the year, in any contract of significance in relation to the business of the Company.

Directors received dividends in accordance with their shareholdings. Dividends of £4,533 (2010 £3,418) were paid to the Directors during the year.

13 EARNINGS PER SHARE

	2011 £	2010 £
Earnings are based on the profit for the year	41,033	107,582
Earnings per share (basic and diluted)	6.83p	17.93p

Earnings per share have been calculated using 600,000 shares, being the weighted average number of shares for both years. The company has no potential ordinary shares, therefore basic and diluted earnings per share is the same figure.