

# **HYDRO HOTEL, EASTBOURNE, PLC**

**Company Registration No. 00044514 (England and Wales)**



## **Report and Financial Statements**

**Year ended 31 October 2012**

# **HYDRO HOTEL, EASTBOURNE, PLC**

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# HYDRO HOTEL, EASTBOURNE, PLC

## CHAIRMAN'S STATEMENT

### Results for year ended October 31, 2012

Trading conditions during 2012 continued to be difficult for the company as the country came close to recording a double dip recession in the summer. Both private and corporate customers felt the need to restrict their expenditure. To maintain the quality of the company's offering, we modernised the hotel's main bar, and built an extension to the side entrance installing a revolving door to prevent draughts in the lounge. We also brought in a specialist beauty treatments firm, City Holistic, to take over the operation of our beauty facility to improve services to customers and our financial return from the operation. Turnover for the year fell 1.9% compared to 2011, with gross margins being virtually maintained. Staff costs and overheads were increased by 0.3% compared to sales. The post tax profit for the year decreased to £24,382 from £41,033. While this is insufficient to cover a maintained dividend again this year, the company has strong reserves and assets and so we have declared dividends totalling 18 pence per share absorbing £108,000, the same as the previous year.

### Developments since October 31, 2012

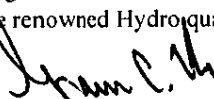
The current year has started in the same vein as last year. Management are working hard to attract new corporate business and to that end we are examining possibilities to create one or more suites, and we are in the process of refurbishing 12 bedrooms. We will continue to watch staff costs and overheads carefully while maintaining our service levels.

The improvement we made at the beginning of 2012 to the shareholders discount scheme proved successful, with the discount being obtained on £125,000 of sales in the year to 31 October 2012 compared to £102,000 in the previous year. This trend has continued this year and it is heartening that shareholders support their company in this way. I would encourage you all to bring your friends and relatives to the hotel to enjoy its facilities.

### 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. Kathy Rutherford Taylor joined the team as business development manager in the spring to head up the marketing function. I wish to record our thanks to our management team and all our staff for their dedication to attracting customers in this difficult business climate and to providing the renowned Hydro quality of service.

22 January 2013



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 2012

**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 traded on the ISDX Growth Market, following the takeover of Plus Markets by ICAP plc in June 2012.

### **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 1.9%. Revpar increased by 0.4%, and Food and beverage gross profit decreased by 4.0%. Staff costs and overheads, compared to sales, increased by 0.3%.

The company generated cash from ongoing operations of £227,199 and invested £199,226 in new fixed assets. The company updated the lounge bar incorporating food service for the conservatory, added on the new revolving side door entrance, and installed voltage management equipment to improve the electricity supply and utilisation.

During the year the company paid ordinary dividends of £108,000. At the year end the company had a satisfactory net current asset position of £624,894.

### **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 £24,382 (2011 £41,033)

**DIVIDENDS** - An interim dividend at the rate of 6 0p per share has been declared by the directors and paid on 17 January 2013 to shareholders on the register on 19 December 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 2 May 2013 to shareholders on the register on 16 April 2013. The directors do not propose the payment of a final dividend

**DIRECTORS** - J A Martyr 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 2011	31 October 2012
C P Freeman, FCA, CTA(Fellow)		2,000 shares	2,000 shares
G C King, MA, CA		7,000 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		500 shares	500 shares

**GOING CONCERN** - The directors' assessment of the going concern status of the company is set out in the accounting policies on page 12

**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 auditor is 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 auditor is aware of that information.

This report was approved by the Board of directors on 22 January 2013 and signed by order 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 2012 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 auditor**

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](http://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 2012 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.

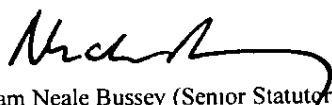
### **Opinion on other matters prescribed by the Companies Act 2006**

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  
Tower Bridge House  
St Katharine's Way  
London  
E1W 1DD

22 January 2013

# HYDRO HOTEL, EASTBOURNE, PLC

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2012

	<i>Notes</i>	<b>2012</b> £	<b>2011</b> £
TURNOVER	<i>2</i>	3,010,263	3,068,340
Cost of sales		<u>2,798,213</u>	<u>2,849,214</u>
GROSS PROFIT		212,050	219,126
Administrative expenses		<u>191,464</u>	<u>185,953</u>
OPERATING PROFIT	<i>3</i>	20,586	33,173
BANK INTEREST RECEIVABLE		<u>13,809</u>	<u>13,196</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		34,395	46,369
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<i>5</i>	<u>10,013</u>	<u>5,336</u>
PROFIT FOR THE YEAR	<i>10</i>	<b><u>24,382</u></b>	<b><u>41,033</u></b>
EARNINGS PER SHARE	<i>13</i>	4 06p	6 83p

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

	2012 £	2011 £
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	34,395	46,369
Difference between the historical cost depreciation charge on freehold land and buildings and the actual depreciation charge for the year calculated on revalued amounts	4,279	5,927
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION USING HISTORICAL COST DEPRECIATION CHARGE FOR YEAR	<u>38,674</u>	<u>52,296</u>
PROFIT FOR YEAR ON HISTORICAL COST BASIS	<u>28,661</u>	<u>46,960</u>

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
PROFIT FOR THE YEAR	24,382	41,033
Dividends paid (Note 4)	(108,000)	(162,000)
NET REDUCTION IN SHAREHOLDERS' FUNDS	(83,618)	(120,967)
SHAREHOLDERS' FUNDS AT 1 NOVEMBER	3,428,243	3,549,210
SHAREHOLDERS' FUNDS AT 31 OCTOBER	<u>3,344,625</u>	<u>3,428,243</u>

# HYDRO HOTEL, EASTBOURNE, PLC

## BALANCE SHEET AT 31 OCTOBER 2012

	Notes	£	2012	£	2011	£
<b>FIXED ASSETS</b>						
Tangible Assets						
Freehold land and buildings	6		1,823,877		1,759,626	
Furniture and equipment	6		987,422		1,072,740	
			<u>2,811,299</u>		<u>2,832,366</u>	
<b>CURRENT ASSETS</b>						
Stocks		34,063		34,324		
Debtors	7	149,993		107,668		
Cash at bank and in hand		939,834		1,017,786		
		<u>1,123,890</u>		<u>1,159,778</u>		
<b>CREDITORS</b>						
Amounts falling due within one year	8	(498,996)		(463,905)		
<b>NET CURRENT ASSETS</b>			<u>624,894</u>		<u>695,873</u>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>3,436,193</u>		<u>3,528,239</u>	
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	9		(91,568)		(99,996)	
<b>TOTAL ASSETS LESS LIABILITIES</b>			<u><u>3,344,625</u></u>		<u><u>3,428,243</u></u>	
<b>CAPITAL AND RESERVES</b>						
Ordinary Shares - of £1 each called up & fully paid			600,000		600,000	
Revaluation Reserve	10		441,162		419,959	
Profit and Loss Account	10		2,303,463		2,408,284	
<b>EQUITY SHAREHOLDERS' FUNDS</b>			<u><u>3,344,625</u></u>		<u><u>3,428,243</u></u>	

The financial statements were approved and authorised for issue by the Board of directors and were signed on its behalf on 22 January 2013

G C King

Directors

M R Peck

Company Registration No 00044514

# HYDRO HOTEL, EASTBOURNE, PLC

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2012

	Notes	2012 £	2011 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	1	227,199	263,623
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest received		13,809	13,196
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND FROM SERVICING OF FINANCE		13,809	13,196
TAXATION			
Corporation tax paid		(12,914)	(14,908)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(197,827)	(187,671)
Receipts from sale of tangible fixed assets		646	-
		(197,181)	(187,671)
EQUITY DIVIDENDS PAID	1	(108,000)	(162,000)
NET CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING	2	(77,087)	(87,760)
MANAGEMENT OF LIQUID RESOURCES			
Increase in short-term deposits		-	(350,000)
DECREASE IN CASH	3	(77,087)	(437,760)

# HYDRO HOTEL, EASTBOURNE, PLC

## NOTES TO THE CASH FLOW STATEMENT

	2012 £	2011 £
<b>1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		
Operating profit	20,586	33,173
Depreciation	219,263	221,356
Loss on disposal of Fixed Assets	384	19,231
Decrease in Stocks	261	3,546
(Increase)/Decrease in Debtors	(42,325)	6,869
Increase/(Decrease) in Creditors	29,030	(20,552)
Net cash inflow from operating activities	<u>227,199</u>	<u>263,623</u>

## 2 ANALYSIS OF CHANGES IN NET FUNDS

	1 November 2011	Cash Flows	31 October 2012
Cash at bank and in hand	667,786	(77,952)	589,834
Bank overdraft	(1,024)	865	(159)
Cash	666,762	(77,087)	589,675
Short-term deposits	350,000	-	350,000
	<u>1,016,762</u>	<u>(77,087)</u>	<u>939,675</u>

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

	2012 £	2011 £
<b>3 RECONCILIATION OF MOVEMENT IN CASH TO MOVEMENT IN NET FUNDS</b>		
Decrease in cash for the year	(77,087)	(437,760)
Cash outflow from short-term deposits	-	350,000
Movement in net funds	(77,087)	(87,760)
Net funds at 1 November	1,016,762	1,104,522
Net funds at 31 October	<u>939,675</u>	<u>1,016,762</u>

# 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 freehold buildings that had been revalued. The accounting policies comply in all material respects with all applicable U.K. Accounting Standards and law.

#### *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.

#### *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.

#### *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. The company operates in the United Kingdom and the whole of its turnover is to the United Kingdom market.

### 3 OPERATING PROFIT

The operating profit has been arrived at after charging

	2012 £	2011 £
Auditor's remuneration		
Hydro Hotel, Eastbourne, plc		
Audit fees - Mazars LLP	12,866	10,600
Audit fees - PKF (UK) LLP	-	(385)
All other services - PKF (UK) LLP	-	175
Corporate finance services - Mazars Corporate Finance Limited	4,200	5,850
	<b>17,066</b>	<b>16,240</b>
Depreciation		
Freehold buildings	12,091	11,145
Furniture and equipment	207,172	210,211
	<b>219,263</b>	<b>221,356</b>
Directors' remuneration		
Directors' emoluments	96,504	97,249
Pension contributions	3,716	2,014
	<b>100,220</b>	<b>99,263</b>

The number of directors for whom retirement benefits are accruing under money purchase schemes amounted to 1 (2011 - 1)

# HYDRO HOTEL, EASTBOURNE, PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3	OPERATING PROFIT (CONTINUED)	2012 £	2011 £
	Employee information		
	Staff costs		
	Wages and salaries	1,203,946	1,206,415
	Employer's social security costs	83,551	88,759
	Employer's pension costs	6,583	4,819
		<u>1,294,080</u>	<u>1,299,993</u>
	The average number of employees during the year was	Number	Number
	Administrative	2	2
	Other	91	85
		<u>93</u>	<u>87</u>
4	DIVIDENDS		
	Paid during the year -		
	First interim dividend 6 0p (2011 - 7 0p)	36,000	42,000
	Second interim dividend 12 0p (2011 - 20 0p)	72,000	120,000
		<u>108,000</u>	<u>162,000</u>

### Dividends payable

A first interim dividend of £36,000 (2011 £36,000) has been declared by the directors and was paid on the 17 January 2013 to shareholders on the register on Wednesday 19 December 2012, and a second interim dividend of £72,000 (2011 £72,000) has been declared by the directors for payment on the 2 May 2013 to shareholders on the register on Tuesday 16 April 2013

# HYDRO HOTEL, EASTBOURNE, PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2012 £	2011 £
5 TAXATION		
U K corporation tax charge at the rate of 20% (2011 rate 20.41%)		
For the year	18,786	13,259
Adjustment in respect of previous periods	(345)	(1)
	<hr/>	<hr/>
Current tax charge	18,441	13,258
Deferred taxation on origination and reversal of timing differences	(8,428)	(7,922)
	<hr/>	<hr/>
Taxation on profit on ordinary activities	<b>10,013</b>	<b>5,336</b>
	<hr/>	<hr/>
Factors affecting tax charge for period		
Profit on ordinary activities before taxation	34,395	46,369
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the average rate of corporation tax in the U K for the year of 20% (2011 rate 20.41%)	6,879	9,465
Expenses not deductible for tax purposes	77	3,919
Capital allowances for year less than/(in excess of) depreciation	11,830	(125)
Adjustment to tax charge in respect of previous period	(345)	(1)
	<hr/>	<hr/>
Current tax charge for period	<b>18,441</b>	<b>13,258</b>
	<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 2011	1,880,089	2,142,573	4,022,662
Additions in the year	76,342	122,884	199,226
Disposals in the year	-	(13,595)	(13,595)
Carried forward at 31 October 2012	<u>1,956,431</u>	<u>2,251,862</u>	<u>4,208,293</u>
Valuation at 31 October 1990	1,440,000		
Additions at cost to 31 October 2012	516,431		
Carried forward at 31 October 2012	<u>1,956,431</u>		
<i>Depreciation</i>			
Brought forward at 1 November 2011	120,463	1,069,833	1,190,296
Charge for the year	12,091	207,172	219,263
Disposals in the year	-	(12,565)	(12,565)
Carried forward at 31 October 2012	<u>132,554</u>	<u>1,264,440</u>	<u>1,396,994</u>
Book value at 31 October 2012	<u>1,823,877</u>	<u>987,422</u>	<u>2,811,299</u>
Book value at 1 November 2011	<u>1,759,626</u>	<u>1,072,740</u>	<u>2,832,366</u>

Included within the book value of Freehold Land and Buildings at 31 October 2012 is £771,773 of non depreciated land

The book value at 31 October 2012 of the Company's fixed assets on an historic cost basis is -

	Freehold Land and Buildings £	Furniture and Equipment £	Total £
Cost	1,034,280	2,251,862	3,286,142
Accumulated depreciation	(76,930)	(1,264,440)	(1,341,370)
Net historic book value	<u>957,350</u>	<u>987,422</u>	<u>1,944,772</u>

# HYDRO HOTEL, EASTBOURNE, PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7	DEBTORS	2012 £	2011 £
	Amounts falling due within one year		
	Trade debtors	99,503	79,171
	Other debtors	22,623	1,115
	Prepayments and accrued income	27,867	27,382
		<u>149,993</u>	<u>107,668</u>
8	CREDITORS		
	Amounts falling due within one year		
	Bank overdraft	159	1,024
	Trade creditors	223,540	211,922
	Corporation tax	18,786	13,259
	Other taxation and social security	160,492	160,634
	Accruals	96,019	77,066
		<u>498,996</u>	<u>463,905</u>
9	PROVISION FOR LIABILITIES AND CHARGES		
	Deferred tax		
	Balance brought forward	99,996	107,918
	Movement in the year	(8,428)	(7,922)
		<u>91,568</u>	<u>99,996</u>

The deferred taxation liability of £91,568 relates to the effects of accelerated capital allowances claimed

# HYDRO HOTEL, EASTBOURNE, PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 10 RESERVES

	Revaluation Reserve	Profit and Loss	2012 Total	2011 Total
	£	£	£	£
Balance at 1 November	419,959	2,408,284	2,828,243	2,949,210
Adjustment for depreciation on revalued assets	25,482	(25,482)	-	-
Retained profit for the year	-	24,382	24,382	41,033
Transfer of depreciation on revalued assets	(4,279)	4,279	-	-
Dividends paid in the year (Note 4)	-	(108,000)	(108,000)	(162,000)
Balance at 31 October	<b>441,162</b>	<b>2,303,463</b>	<b>2,744,625</b>	<b>2,828,243</b>

The adjustment of £25,482 from profit and loss account to revaluation reserve is a one off adjustment. This arose during the year following a review of previous years' accounts which identified that the annual transfer in respect of the differences between depreciation based on the historical cost amount and carrying value of the freehold buildings had been overstated for a number of years.

### 11 PENSIONS

Defined contribution pension schemes

The company operates a defined contribution pension scheme for certain employees. Contributions payable during the year ended 31 October 2012 amounted to £6,583 (2011 £4,819). At the balance sheet date, contributions amounting to £333 (2011 nil) had not been paid over to the fund and are included within creditors.

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 £52,755 during the year ended 31 October 2012 (2011 £54,830). The amount outstanding and due to Perkins Copeland at 31 October 2012 was £24,205 (2011 £23,756) 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 £3,575 (2011 £4,533) were paid to the directors during the year.

# HYDRO HOTEL, EASTBOURNE, PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 13 EARNINGS PER SHARE

	2012 £	2011 £
Earnings are based on the profit for the year	<u>24,382</u>	<u>41,033</u>
Earnings per share (basic and diluted)	4.06p	6.83p

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.