

# **HYDRO HOTEL, EASTBOURNE, PLC**

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

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COMPANIES HOUSE

## **Report and Financial Statements**

**Year ended 31 October 2015**

# **HYDRO HOTEL, EASTBOURNE, PLC**

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# HYDRO HOTEL, EASTBOURNE, PLC

## CHAIRMAN'S STATEMENT

### Results for year ended 31 October 2015

I am pleased to say that in the second half of the year we noted a firmer trend to business, reversing the reduction in sales of 2.7% in the first half of the year caused by the uncertainty in the run up to the general election. Sales for the year ended 31 October 2015 totalled £3,129,504, an increase of 2.0% on the £3,069,548 sales for the previous year (2014 increase 0.3%). Operating profit for the year increased to £120,006 (2014 £117,330). After interest receivable and the corporation tax charge, the post-tax profits for the year were £103,617 (2014 £94,959). While this is not quite sufficient 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.

Trading conditions continue to be very competitive, and we have implemented the increase in the national minimum wage of 3% as from 1 October 2015, and on 1 April 2016 the national living wage increase of 7.5% will come in to force for employees from age 25. Auto-enrolment pension contributions will be applied on top, and there are knock on effects on staff pay differentials to take into account. Management are reviewing our staffing structure and practices to ensure this significant increase in costs is manageable, and we will also be reviewing our pricing.

### Developments since 31 October 2015

In midsummer 2015 we held a special celebratory weekend event to mark the 120th anniversary of the company and this proved successful. As you will have seen from the flyer sent out with your dividend in January, we are planning another midsummer package this year from 1st to 3rd July.

The boot room has been completed, and we will be taking an active role in the Sussex Walking festival in the week beginning 24 September to promote this facility.

We have installed a pop up cinema with a sophisticated audio-visual system in the Long Lounge to provide more in house entertainment for guests, and we can show feature films as well as theatre and opera productions.

In view of the change of general manager taking place this year, we have deferred the start of the property renovation programme planned with Gould & Company until the next financial year so that the new general manager can review the proposals and integrate any business development ideas which he or she may wish to pursue.

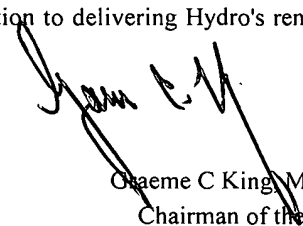
### Our Staff

As announced last November, Ian Turnbull, our Executive Director and General Manager of the hotel, has given notice to leave the company at the end of February. We are conducting a recruitment process to appoint a successor and I will update shareholders when the new person is in post. I thank Ian for his dedicated service to the company and wish him well in his new career.

Mary Peck retires as a director by rotation at the AGM on 29 March 2016, and after more than 20 years on the Board she has decided not to seek re-appointment. I thank Mary for her contributions to the Board's policy discussions over the years, and wish her the best of health and happiness for her retirement and look forward to continuing to see her here at the Hydro as a supportive shareholder and customer.

I wish to record our thanks to our management team and all our staff for their dedication to delivering Hydro's renowned quality of service which our customers value so much.

26 January 2016



Graeme C King MA, CA  
Chairman of the Board

# **HYDRO HOTEL, EASTBOURNE, PLC**

## **STRATEGIC REPORT**

**STRATEGY** - The company has been operating the 81 bedroom Hydro Hotel, Mount Road, Eastbourne, which it owns freehold, since 1895. The company has operated additional premises in the past and the directors continue to review 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 Board continues to invest in our core facilities of bedrooms, public rooms, function rooms, and kitchens, and we have agreed that additional investment in new facilities should be designed to appeal to the next generation of customers with the income to enjoy what the Hydro has to offer, to enable the company to refresh its customer base and position it to be able to achieve higher margins.

**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 Board meetings:

- Turnover
- Revpar (Revenue Achieved Per Available Room).
- Food and beverage sales and gross profit achieved.
- Staff costs and overheads, compared to sales.
- Cash balances

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

**PERFORMANCE IN YEAR ENDED 31 OCTOBER 2015** - During the year ended 31 October 2015 the company increased its turnover by 2.0% (2014 increase of 0.3%), and improved Revpar by 6.8% (2014 1.1%). In spite of very competitive pricing conditions continuing to affect food and beverage sales, the company achieved an overall increase in gross profit on those lines of 2.1% (2014 increase of 0.4%). Staff costs and overheads, as a proportion of sales, increased by 0.34% (2014 reduction of 0.04%). Cash balances at 31 October 2015 were £1,150,831 (2014 £1,115,351).

The company's operating profit before interest received and tax increased to £120,006 from the 2014 operating profit of £117,330.

The company's post tax profit was £103,617 (2014 £94,959), but with the company's strong cash position the Board felt able to declare unchanged dividends totalling £108,000 to be payable in 2016.

The company generated cash from operating activities of £289,109 (2014 £343,850) and invested £119,618 (2014 £66,076) in new fixed assets which included refurbishing 10 bedrooms, purchasing 180 new restaurant chairs, and starting work on the creation of a boot room for walkers.

Following the refurbishment of the bedrooms we were able to agree with the fire officer that one room previously off market as a fire precaution was able to be brought back into use, bringing the total bedrooms and suites available to let to 81.

During the year the company paid ordinary dividends in respect of the year ended 31 October 2014 of £108,000 (2014 £108,000). At the year end the company had a satisfactory net current asset position of £818,033 (2014 £750,868).

# HYDRO HOTEL, EASTBOURNE, PLC

## STRATEGIC REPORT (CONTINUED)

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.

Demographics - The company's marketing needs to refresh its customer base as the circumstances of existing regular users change over time.

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.

Financial Risk - 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. At 31 October 2015 the company had immediately available cash balances of £650,831 and no borrowings (2014 £1,065,351 and Nil). Accordingly the liquidity risk is considered to be low.

Credit risk - The company's principal financial assets are cash balances and trade debtors. Credit risk on cash balances is mitigated as the Board only deposits funds with regulated institutions which have high credit ratings. Trade debtor balances are monitored on an ongoing basis and provision is made for doubtful debts as necessary. As most customers pay by cash, credit or debit card, trade debtors were just 13.2% of net current assets at 31 October 2015 (2014 11.1%) and accordingly the credit risk is considered relatively low.

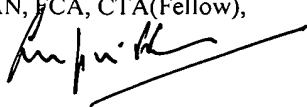
Interest rate risk - The company is exposed to interest rate risk on its cash balances. The Board monitors interest rates available for the company's funds taking into account the company's liquidity and credit risk requirements.

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.

This report was approved by the Board of directors on 26 January 2016 and signed by order of the Board by

C P FREEMAN, FCA, CTA(Fellow),

Secretary



# HYDRO HOTEL, EASTBOURNE, PLC

## REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 October 2015.

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

**SHARE CAPITAL** - The company's shares are traded on the ISDX Growth Market.

**MATTERS COVERED IN THE STRATEGIC REPORT** - The Strategic Report on pages 3 and 4 includes the directors' review of business development and performance during the year ended 31 October 2015.

**FUTURE DEVELOPMENTS** - The Chairman's Statement on page 2 covers future developments in the section headed "Developments since 31 October 2015".

**DIVIDENDS** - An interim dividend at the rate of 6.0p per share has been declared by the directors and paid on 14 January 2016 to shareholders on the register on 18 December 2015 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 5 May 2016 to shareholders on the register on 22 April 2016. The directors do not propose the payment of a final dividend.

**DIRECTORS** - G C King retires by rotation and being eligible, offers himself for re-appointment. Mrs M R Peck retires by rotation but has informed the board that she will not be seeking re-appointment. I A Turnbull has given notice that he will be leaving the company at the end of February 2016.

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 2014	31 October 2015
C J Bean LL.B(Hons)		750 shares	750 shares
C P Freeman, FCA, CTA(Fellow)		4,250 shares	4,250 shares
G C King, MA, CA		10,000 shares	10,000 shares
Mrs M R Peck, MA(Oxon)	- beneficial	5,111 shares	7,111 shares
	- non-beneficial	5,000 shares	5,000 shares
J D Tuhey BA(Hons) Dip BM		275 shares	275 shares
I A Turnbull MIH		500 shares	1,000 shares

I A Turnbull is an executive director, and the other directors are non-executive.

**GOING CONCERN** - The directors' assessment of the going concern status of the company is set out in the accounting policies on page 13.

**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.

# HYDRO HOTEL, EASTBOURNE, PLC

## REPORT OF THE DIRECTORS (CONTINUED)

**DIRECTORS' RESPONSIBILITIES** - The directors are responsible for preparing the strategic report, 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 26 January 2016 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 2015 which comprise the Profit and Loss Account, the Note of Historical Cost Profits and Losses, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement 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 6, 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 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 Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### 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 2015 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.

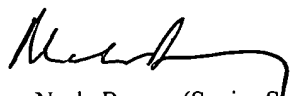
### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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

26 January 2016



# HYDRO HOTEL, EASTBOURNE, PLC

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2015

	<i>Notes</i>	<b>2015</b> £	<b>2014</b> £
TURNOVER	<i>2</i>	3,129,504	3,069,548
Cost of sales		(2,820,812)	(2,763,894)
GROSS PROFIT		308,692	305,654
Administrative expenses		(188,686)	(188,324)
OPERATING PROFIT	<i>3</i>	120,006	117,330
BANK INTEREST RECEIVABLE		13,570	6,323
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		133,576	123,653
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<i>5</i>	(29,959)	(28,694)
PROFIT FOR THE YEAR	<i>10</i>	<b>103,617</b>	<b>94,959</b>
EARNINGS PER SHARE	<i>13</i>	17.27p	15.83p

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

	2015 £	2014 £
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	133,576	123,653
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	4,279
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION USING HISTORICAL COST DEPRECIATION CHARGE FOR YEAR	<u>137,855</u>	<u>127,932</u>
PROFIT FOR YEAR ON HISTORICAL COST BASIS	<u>107,896</u>	<u>99,238</u>

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2015 £	2014 £
PROFIT FOR THE YEAR	103,617	94,959
Dividends paid (Note 4)	(108,000)	(108,000)
NET REDUCTION IN SHAREHOLDERS' FUNDS	(4,383)	(13,041)
SHAREHOLDERS' FUNDS AT 1 NOVEMBER	3,300,568	3,313,609
SHAREHOLDERS' FUNDS AT 31 OCTOBER	<u>3,296,185</u>	<u>3,300,568</u>

# HYDRO HOTEL, EASTBOURNE, PLC

## BALANCE SHEET AT 31 OCTOBER 2015

	Notes	£	2015 £	£	2014 £
<b>FIXED ASSETS</b>					
Tangible Assets					
Freehold land and buildings	6		1,844,895		1,855,135
Furniture and equipment	6		712,569		774,189
			<u>2,557,464</u>		<u>2,629,324</u>
<b>CURRENT ASSETS</b>					
Stocks		29,189		34,323	
Debtors	7	128,963		101,994	
Cash at bank and in hand		1,150,831		1,115,351	
		<u>1,308,983</u>		<u>1,251,668</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	8	(490,950)		(500,800)	
<b>NET CURRENT ASSETS</b>					
			<u>818,033</u>		<u>750,868</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			<u>3,375,497</u>		<u>3,380,192</u>
<b>PROVISION FOR LIABILITIES AND CHARGES 9</b>					
			<u>(79,312)</u>		<u>(79,624)</u>
<b>TOTAL ASSETS LESS LIABILITIES</b>					
			<u><u>3,296,185</u></u>		<u><u>3,300,568</u></u>
<b>CAPITAL AND RESERVES</b>					
Ordinary Shares - of £1 each allotted, called up & fully paid			600,000		600,000
Revaluation Reserve	10		428,325		432,604
Profit and Loss Account	10		2,267,860		2,267,964
<b>EQUITY SHAREHOLDERS' FUNDS</b>					
			<u><u>3,296,185</u></u>		<u><u>3,300,568</u></u>

The financial statements were approved and authorised for issue by the Board of directors and were signed on its behalf on 26 January 2016.

G C King

*Directors*

M R Peck

Company Registration No. 00044514

# HYDRO HOTEL, EASTBOURNE, PLC

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2015

		2015		2014	
	Notes	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	1		289,109		343,850
RETURNS ON INVESTMENT AND SERVICING OF FINANCE					
Interest received		13,570		6,323	
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND FROM SERVICING OF FINANCE			13,570		6,323
TAXATION					
Corporation tax paid			(39,581)		(24,347)
CAPITAL EXPENDITURE					
Payments to acquire tangible fixed assets			(119,618)		(66,076)
EQUITY DIVIDENDS PAID			(108,000)		(108,000)
NET CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING	2		35,480		151,750
MANAGEMENT OF LIQUID RESOURCES					
(Increase)/Decrease in short-term deposits			(450,000)		250,000
(DECREASE)/INCREASE IN CASH	3		<u>(414,520)</u>		<u>401,750</u>

# HYDRO HOTEL, EASTBOURNE, PLC

## NOTES TO THE CASH FLOW STATEMENT

	2015 £	2014 £
<b>1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		
Operating profit	120,006	117,330
Depreciation	192,452	201,779
Loss on disposal of Fixed Assets	180	1,807
Decrease in Stocks	5,134	2,986
(Increase)/Decrease in Debtors	(26,969)	2,692
(Decrease)/Increase in Creditors	(1,694)	17,256
	<hr/>	<hr/>
Net cash inflow from operating activities	<b>289,109</b>	<b>343,850</b>
	<hr/>	<hr/>

## 2. ANALYSIS OF CHANGES IN NET FUNDS

	1 November 2014 £	Cash Flows £	31 October 2015 £
Cash at bank and in hand	1,065,351	(414,520)	650,831
Short-term deposits	50,000	450,000	500,000
	<hr/>	<hr/>	<hr/>
	<b>1,115,351</b>	<b>35,480</b>	<b>1,150,831</b>
	<hr/>	<hr/>	<hr/>

Short-term deposits are included within cash at bank and in hand in the balance sheet. At 31 October 2015 £500,000 was deposited on 6 months' notice (2014 £50,000 on 6 months' notice).

	2015 £	2014 £
<b>3. RECONCILIATION OF MOVEMENT IN CASH TO MOVEMENT IN NET FUNDS</b>		
(Decrease)/Increase in cash for the year	(414,520)	401,750
Cash outflow/(inflow) from short-term deposits	450,000	(250,000)
	<hr/>	<hr/>
Movement in net funds	35,480	151,750
Net funds at 1 November	1,115,351	963,601
	<hr/>	<hr/>
Net funds at 31 October	<b>1,150,831</b>	<b>1,115,351</b>
	<hr/>	<hr/>

# 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 U.K. Accounting Standards and applicable law.

#### *Going concern*

The company's business activities, development and performance for the financial year, together with the factors likely to affect its future development, are set out in the Chairman's Statement and Strategic Report on pages 2 to 4. The Strategic Report also details its approach to managing financial risks. The company has considerable financial resources and no borrowings, and annually prepares a cash forecast for the 15 months ahead. Based on an assessment of these factors, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### *Turnover*

Turnover is the value of goods and services sold to customers and guests after deducting discounts and VAT.

#### *Segmental reporting*

In the opinion of the Directors the operations of the company comprise one class of business, being hoteliers. The company's main operations are all located within one location, Hydro Hotel.

#### *Sale of goods*

The Hotel operates restaurant and bar facilities. Sales of goods are recognised when the restaurant or bar sells a product to a customer.

#### *Sale of services*

The Hotel supplies conference and event facilities as well as hotel rooms to business and private customers. Sales of rooms and conference and event facilities are recognised on the dates those facilities are used. Deposits received in advance are not recognised as turnover until the day of the stay or event.

#### *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

A review for impairment is carried out annually.

##### (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 expected useful lives, deemed to be 5, 10 or 15 years.

# HYDRO HOTEL, EASTBOURNE, PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 1. ACCOUNTING POLICIES (CONTINUED)

#### *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 and the assets of these schemes are held separately being invested with pension scheme providers. The charge for the year is the amount of contributions payable by the company.

#### *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:

	2015 £	2014 £
Auditor's remuneration:		
Audit fees - Mazars LLP	13,638	13,779
Corporate finance services - Mazars Corporate Finance Limited	4,100	4,100
	<b>17,738</b>	<b>17,879</b>
Depreciation:		
Freehold buildings	12,773	12,743
Furniture and equipment	179,679	189,036
	<b>192,452</b>	<b>201,779</b>

# HYDRO HOTEL, EASTBOURNE, PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. OPERATING PROFIT (CONTINUED)	2015	2014
	£	£
Directors' remuneration:		
Directors' emoluments	97,152	89,252
Pension contributions	12,170	7,718
	<u>109,322</u>	<u>96,970</u>

The number of directors for whom retirement benefits are accruing under money purchase schemes amounted to 1 (2014 - 1).

### Employee information

Staff costs:		
Wages and salaries	1,190,212	1,144,361
Employer's social security costs	69,540	67,953
Employer's pension costs	20,025	12,523
	<u>1,279,777</u>	<u>1,224,837</u>

The average number of employees during the year was:	Number	Number
Management and administrative	11	11
Operational	79	90
	<u>90</u>	<u>101</u>

4. DIVIDENDS	2015	2014
	£	£
Paid during the year:-		
First interim dividend 6.0p (2014 - 6.0p)	36,000	36,000
Second interim dividend 12.0p (2014 - 12.0p)	72,000	72,000
	<u>108,000</u>	<u>108,000</u>

### Dividends payable:

On 8 December 2015, the following dividends were declared: a first interim dividend of £36,000 (2014: £36,000) which was paid on the 14 January 2016 to shareholders on the register on Friday 18 December 2015, and a second interim dividend of £72,000 (2014: £72,000) for payment on the 5 May 2016 to shareholders on the register on Friday 22 April 2016.



# HYDRO HOTEL, EASTBOURNE, PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. TAXATION	2015 £	2014 £
U.K. corporation tax charge at the rate of 20% (2014 rate: 20%)		
For the year	30,271	39,581
Adjustment in respect of previous periods	-	(1)
	<hr/>	<hr/>
Current tax charge (see below)	30,271	39,580
Deferred taxation on origination and reversal of timing differences	(312)	(10,886)
	<hr/>	<hr/>
Taxation on profit on ordinary activities	<b>29,959</b>	<b>28,694</b>
	<hr/>	<hr/>
Factors affecting tax charge for period:		
Profit on ordinary activities before taxation	133,576	123,653
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the average rate of corporation tax in the U.K. for the year of 20% (2014 rate: 20%)	26,715	24,730
Income not taxable	(46)	-
Expenses not deductible for tax purposes	36	1,043
Capital allowances for year less than depreciation	3,566	13,808
Adjustment to tax charge in respect of previous period	-	(1)
	<hr/>	<hr/>
Current tax charge for period (see above)	<b>30,271</b>	<b>39,580</b>
	<hr/>	<hr/>

### Factors affecting future tax

The company's deferred tax assets and liabilities at 31 October 2015 have been calculated based on the rate of 20% substantively enacted at the balance sheet date. The rates of corporation tax will be reduced further to 19% as of 1 April 2017 and 18% from 1 April 2020.

# 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 2014	2,013,030	2,409,437	4,422,467
Additions in the year	2,533	118,239	120,772
Disposals in the year	-	(12,988)	(12,988)
Carried forward at 31 October 2015	<b>2,015,563</b>	<b>2,514,688</b>	<b>4,530,251</b>
Valuation at 31 October 1990	1,440,000		
Additions at cost to 31 October 2015	575,563		
Carried forward at 31 October 2015	<b>2,015,563</b>		
<i>Depreciation</i>			
Brought forward at 1 November 2014	157,895	1,635,248	1,793,143
Charge for the year	12,773	179,679	192,452
Disposals in the year	-	(12,808)	(12,808)
Carried forward at 31 October 2015	<b>170,668</b>	<b>1,802,119</b>	<b>1,972,787</b>
Book value at 31 October 2015	<b>1,844,895</b>	<b>712,569</b>	<b>2,557,464</b>
Book value at 1 November 2014	<b>1,855,135</b>	<b>774,189</b>	<b>2,629,324</b>

Included within the book value of Freehold Land and Buildings at 31 October 2015 is £771,773 of non depreciated land.

The book value at 31 October 2015 of the Company's fixed assets on an historic cost basis is:-

	Freehold Land and Buildings £	Furniture and Equipment £	Total £
Cost	1,093,413	2,514,688	3,608,101
Accumulated depreciation	(102,207)	(1,802,119)	(1,904,326)
Net historic book value	<b>991,206</b>	<b>712,569</b>	<b>1,703,775</b>

# HYDRO HOTEL, EASTBOURNE, PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. DEBTORS	2015 £	2014 £
Amounts falling due within one year:		
Trade debtors	107,858	83,255
Other debtors	3,754	2,127
Prepayments and accrued income	17,351	16,612
	<b>128,963</b>	<b>101,994</b>
8. CREDITORS		
Amounts falling due within one year:		
Trade creditors	134,837	156,235
Corporation tax	30,271	39,581
Other taxation and social security	171,086	160,225
Accruals and deferred income	154,756	144,759
	<b>490,950</b>	<b>500,800</b>
9. PROVISION FOR LIABILITIES AND CHARGES		
Deferred tax		
Balance brought forward	79,624	90,510
Movement in the year	(312)	(10,886)
Balance carried forward	<b>79,312</b>	<b>79,624</b>

The deferred taxation liability relates to the effects of accelerated capital allowances claimed.

10. RESERVES	Revaluation Reserve £	Profit and Loss £	2015 Total £	2014 Total £
Balance at 1 November	432,604	2,267,964	2,700,568	2,713,609
Retained profit for the year	-	103,617	103,617	94,959
Transfer of depreciation on revalued assets	(4,279)	4,279	-	-
Dividends paid in the year (Note 4)	-	(108,000)	(108,000)	(108,000)
Balance at 31 October	<b>428,325</b>	<b>2,267,860</b>	<b>2,696,185</b>	<b>2,700,568</b>

# HYDRO HOTEL, EASTBOURNE, PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 11. PENSIONS

#### *Defined contribution pension schemes*

The company offers defined contribution pension scheme membership to employees. Contributions payable during the year ended 31 October 2015 amounted to £20,025 (2014 £12,523). At the balance sheet date, contributions amounting to £407 (2014 £473) 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 £47,180 during the year ended 31 October 2015 (2014 £52,190). The amount outstanding and due to Perkins Copeland at 31 October 2015 was £23,150 (2014 £21,010) 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 £4,659 (2014 £4,385) were paid to the directors during the year.

### 13. EARNINGS PER SHARE

	2015	2014
	£	£
Earnings are based on the profit for the year	103,617	94,959
Earnings per share (basic and diluted)	17.27p	15.83p

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.

### 14. ULTIMATE CONTROLLING PARTY

The directors consider that there is no ultimate controlling party.

# **HYDRO HOTEL, EASTBOURNE, PLC**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Registered Office:	Hydro Hotel Mount Road Eastbourne East Sussex BN20 7HZ
Company Registration No.:	00044514
Company Secretary's Office:	C P Freeman Perkins Copeland 15 Gildredge Road Eastbourne East Sussex BN21 4RA
Share Transfer and Registration Department:	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA
Auditor:	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD
Bankers:	National Westminster Bank Plc 96 Terminus Road Eastbourne East Sussex BN21 3LX