

Budock Vean Hotel Limited
Annual Report and Financial Statements
Year Ended 31 December 2016
Registration number: 259572

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Budock Vean Hotel Limited

Contents

Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 5
Statement of Directors' Responsibilities	6
Independent Auditor's Report	7 to 8
Profit and Loss Account	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 to 30

Budock Vean Hotel Limited

Company Information

Directors	E H Barlow M E Barlow
Registered office	Budock Vean Hotel Mawnan Smith Falmouth TR11 5LG
Auditors	PKF Francis Clark Registered Auditors Lowin House Tregolls Road Truro Cornwall TR1 2NA

Budock Vean Hotel Limited

Strategic Report

Year Ended 31 December 2016

The directors present their strategic report for the year ended 31 December 2016.

Principal activity

The principal activity of the company is that of hoteliers, operating the Budock Vean Hotel.

Fair review of the business

The Directors are pleased to announce a profit before tax for the year of £245,763 (2015 - £280,842), which includes dividends from subsidiary undertakings of £75,000 (2015 - £nil) as shown in the accounts of Budock Vean Developments Limited and Budock Vean Holidays Limited.

During the year the company has continued its refurbishment programme across the hotel, focussing on improvements in the public areas as well as bedroom and bathroom improvements. The two lodges, which were opened in 2014 were joined by a further lodge that was completed and sold in the year.

Against this backdrop revenue at the hotel has increased by 5.2% in the year to £2.95m (2015 - £2.80m). There has been a decrease in the gross margin achieved in the period, decreasing to 55.7% (2015 - 57.6%) This decrease in the gross profit was due largely to the increase in the national living wage which has increased in the year in line with government requirements. After taking account of other operating income the company has recorded an operating profit for the year of £286,599 (2015 - £406,105).

Principal risks and uncertainties

Due to the economic conditions and the company's large debt financing costs the Directors have carefully considered the position of the company and its group.

Detailed projections for the group have been prepared for the period to 31 December 2019, which anticipate a marked improvement in underlying EBITDA and trading levels. The Directors have a schedule of improvements for the hotel, including the continued construction of a number of holiday homes on the premises.

The Directors have considered all of the information available to them and are satisfied that there exists adequate resources with which the group can continue in operational existence for the foreseeable future and accordingly they continue to prepare the accounts on a going concern basis.

Budock Vean Hotel Limited

Strategic Report

Year Ended 31 December 2016

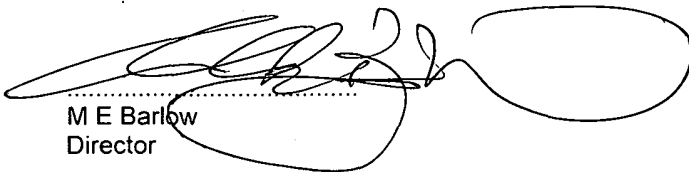
Environmental matters

We believe that one of the greatest assets of the hotel is its grounds and location nestled on the banks of the Helford River. This is an Area of Outstanding Natural Beauty (AONB) and a Special Area of Conservation (SAC) which is rich in natural beauty and high biodiversity.

We see our role as custodians of this wonderful natural asset and are committed to its long term sustainability. The continued success of the hotel will further ensure the long term preservation and sustainability of the Budock Vean Hotel Estate and its surrounds.

The hotel has achieved Green Tourism Business Scheme Gold Award several years in a row. We manage the gardens organically, have electric car charging points, purchase locally wherever possible and have installed a biomass boilers.

Approved by the Board on 31/05/17 and signed on its behalf by:



M E Barlow
Director

Budock Vean Hotel Limited

Directors' Report

Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors of the company

The directors who held office during the year were as follows:

B M Barlow (Resigned 24 January 2017)

E H Barlow

M E Barlow

Financial instruments

Objectives and policies

The company's principal financial instruments comprise of bank balances, trade creditors, deposits in advance from customers and bank loans. The main purpose of these instruments is to raise funds for the company's operations.

Price risk, credit risk, liquidity risk and cash flow risk

The principal risks faced by the company have been mitigated as follows:

Liquidity risk

The company manages this particular risk through a combination of compiling projections and regular review of the management figures by the Directors. Where necessary, additional funds are sought to ensure that necessary funds are available to continue the company objectives.

Price risk

The company has a set tariff in place for customers staying at the hotel, the tariffs are set by the Directors and are factored into projections which enables the company to ensure that sufficient funds are available. Deposits in advance help to fund the company and therefore setting tariffs to ensure they encourage payments in advance is an important element of financial instruments.

Operational risk

The Directors are aware of the continual changes in laws and regulations and the associated compliance costs and plan ahead accordingly.

Credit risk

Given that customers are required to pay a deposit to reserve a room, and that all accounts are liable for settlement upon arrival the Directors do not believe that the group is adversely exposed to credit risk.

Budock Vean Hotel Limited

Directors' Report

Year Ended 31 December 2016

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 31/12/17 and signed on its behalf by:



.....
M E Barlow
Director

Budock Vean Hotel Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Budock Vean Hotel Limited

Independent Auditor's Report to the Members of Budock Vean Hotel Limited

We have audited the financial statements of Budock Vean Hotel Limited for the year ended 31 December 2016, set out on pages 9 to 30. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (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 (APB's) Ethical Standards for Auditors to the financial statements.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 December 2016 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.

Budock Vean Hotel Limited

Independent Auditor's Report to the Members of Budock Vean Hotel Limited

Emphasis of matter

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the company's ability to continue as a going concern. Conditions, as outlined within note 2 to the financial statements indicate the existence of a material uncertainty which may cast significant doubt over the company's ability to continue as a going concern. These financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

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

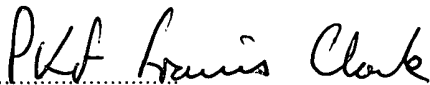
- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

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

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.



Thomas Roach BSc FCA (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

Lowin House
Tregolls Road
Truro
Cornwall
TR1 2NA

Date: 5/6/17

Budock Vean Hotel Limited

Profit and Loss Account

Year Ended 31 December 2016

	Note	2016 £	2015 £
Turnover	3	2,946,962	2,801,438
Cost of sales		<u>(1,305,160)</u>	<u>(1,186,945)</u>
Gross profit		1,641,802	1,614,493
Establishment costs		(1,170,977)	(1,080,505)
Administrative expenses		(252,449)	(234,183)
Other operating income	4	<u>68,223</u>	<u>106,300</u>
Operating profit	6	286,599	406,105
Interest payable and similar charges		<u>(40,836)</u>	<u>(125,263)</u>
Profit before tax		245,763	280,842
Taxation	12	<u>7,555</u>	<u>(49,180)</u>
Profit for the financial year		<u><u>253,318</u></u>	<u><u>231,662</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

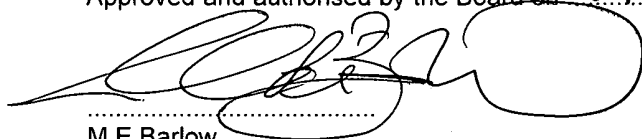
Budock Vean Hotel Limited

Balance Sheet

31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	13	6,351,526	6,079,175
Investments	14	101	101
Other financial assets	17	-	2,000
		<u>6,351,627</u>	<u>6,081,276</u>
Current assets			
Stocks	15	50,624	49,025
Debtors	16	291,868	194,590
Cash at bank and in hand		<u>81,988</u>	<u>144,243</u>
		424,480	387,858
Creditors: Amounts falling due within one year	19	<u>(2,303,556)</u>	<u>(1,963,340)</u>
Net current liabilities		<u>(1,879,076)</u>	<u>(1,575,482)</u>
Total assets less current liabilities		4,472,551	4,505,794
Creditors: Amounts falling due after more than one year	19	(3,117,235)	(3,396,168)
Provisions for liabilities	22	<u>(551,174)</u>	<u>(558,802)</u>
Net assets		<u>804,142</u>	<u>550,824</u>
Capital and reserves			
Called up share capital	24	539,885	539,885
Revaluation reserve		540,053	540,053
Profit and loss account		<u>(275,796)</u>	<u>(529,114)</u>
Total equity		<u>804,142</u>	<u>550,824</u>

Approved and authorised by the Board on 31/5/17 and signed on its behalf by:



 M E Barlow
 Director

Company Registration Number: 259572

Budock Vean Hotel Limited

Statement of Changes in Equity

Year Ended 31 December 2016

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2016	539,885	540,053	(529,114)	550,824
Profit for the year	-	-	253,318	253,318
Total comprehensive income	-	-	253,318	253,318
At 31 December 2016	539,885	540,053	(275,796)	804,142

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2015	539,885	540,053	(760,776)	319,162
Profit for the year	-	-	231,662	231,662
Total comprehensive income	-	-	231,662	231,662
At 31 December 2015	539,885	540,053	(529,114)	550,824

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2016

1 General information

Budock Vean Hotel Limited is the trading company owning and operating as the Budock Vean Hotel in Mawnan Smith.

The company is a private company limited by share capital incorporated in England and Wales.

The address of its registered office is:

Budock Vean Hotel
Mawnan Smith
Falmouth
TR11 5LG

The principal place of trade for the company is the same as its registered office.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Summary of disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions, and as such the company has taken advantage of the following disclosure exemptions:

- The requirement of Section 4 Statement of Financial Position paragraph 4.12 (a) (iv);
- The requirements of Section 3 Financial Statement Presentation paragraph 3.17 (d), and Section 7 Statement of Cash Flows.
- The requirements of Section 11 Financial Instruments paragraphs 11.39 - 11.48A;
- The requirements of Section 33 Related Party Disclosures paragraph 33.7

The company has also taken advantage of the exemption under FRS102 paragraph 33.1A in respect of transactions between members of the group, where such companies are 100% owned

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2016

Name of parent of group

These financial statements are consolidated in the financial statements of Budock Vean Holdings Limited.

The financial statements of Budock Vean Holdings Limited may be obtained from Companies House.

Group accounts not prepared

The company is a wholly owned subsidiary of Budock Vean Holdings Limited, and its results are included in the consolidated results of Budock Vean Holdings Limited which are publicly available. On this basis the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to present consolidated financial statements.

These financial statements are the company's separate financial statements.

Going concern

At the balance sheet date the company had net current liabilities of £1,879,076 (2015 - £1,575,482).

The following relevant matters have been noted in respect of the net current liability position:

a) Creditors includes £452,246 (2015 - £442,437) which relates to deposits received in advance for future stays. These amounts will be replenished in future periods as more bookings are made by customers.

b) The company has loans and borrowings due in less than one year of £623,553 (2015 - £583,547) which are repayable under arranged terms with the company bankers and third party finance providers.

The Directors have produced detailed projections for the year to 31 December 2017, and for a period of three years thereafter which demonstrate the ability of the company to manage its cash flows and meet its obligations as and when they fall due. In addition the construction of further lodges, as outlined in the Strategic Report will further contribute to the cash position of the company.

On this basis the Directors continue to apply the going concern assertion in the preparation of the financial statements.

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2016

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Company's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

All revenue is shown as one activity, being the provision of services associated with the running of a hotel with ancillary facilities including a restaurant, bar, golf course and spa. Revenue is recognised by the company as follows:

i) In respect of accommodation income, revenue is recognised at the point of a customer staying in a room. Deposits are received in advance of customer stays in accordance with the company's booking policies, and these are treated as payments on account and recognised within creditors due in less than one year.

ii) Food, beverage, golf and all other sales are recognised at the point of sale.

Revenue derives from the company activities which are wholly undertaken in the UK.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current or deferred tax liabilities are not discounted.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2016

Tangible assets

Tangible assets is stated in the statement of financial position at a valuation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold buildings	Straight line over 50 years
Furniture, fittings and equipment	Between 10% to 25% reducing balance

Investments

Investments represent the company investment in subsidiary undertakings, which are held in the financial statements at cost.

Other investments represents monies advanced to the Helford River Ferry, and is stated at cost less accumulated impairment losses.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2016

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due.

Financial instruments

Classification

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. All financial instruments are classified as basic.

Recognition and measurement

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

Basic financial liabilities, including trade and other payables, bank loans, and loans from fellow group companies are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

Impairment

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2016

Judgements

Management evaluate estimates and judgements on an annual basis, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2016	2015
	£	£
Rendering of services	<u>2,946,962</u>	<u>2,801,438</u>

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2016	2015
	£	£
Profit on disposal of land	-	94,000
Profit / (loss) on sale of furniture	(1,403)	3,358
Consequential loss claim	<u>69,626</u>	<u>8,942</u>
	<u>68,223</u>	<u>106,300</u>

The profit on disposal of land, and the (loss)/profit on the sale of furniture relates to the lodge project being undertaken by the group.

The Directors pursued the company bankers for consequential losses in relation to undue expenditure and loss of Director time as a result of the IRHP entered into and subsequently settled in 2013. An agreement was received in December 2014 for a reimbursement which increased after the year end, with the excess being recognised in 2015.

The amount received in the current year relates to the additional tax charge as a result of the IRHP, this amount was offered in December 2016 and therefore included in the accounts as accrued income.

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2016

5 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2016	2015
	£	£
Impairment of other investments	<u>(2,000)</u>	<u>-</u>

6 Operating profit

Arrived at after charging/(crediting)

	2016	2015
	£	£
Depreciation expense	138,342	116,340
Operating lease expense - plant and machinery	<u>8,569</u>	<u>3,049</u>

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2016	2015
	£	£
Wages and salaries	1,075,534	968,936
Social security costs	46,126	44,184
Pension costs, defined contribution scheme	6,245	5,744
Other employee expense	<u>6,106</u>	<u>5,223</u>
	<u>1,134,011</u>	<u>1,024,087</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2016	2015
	No.	No.
Directors	3	3
Hotel staff	<u>75</u>	<u>77</u>
	<u>78</u>	<u>80</u>

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2016

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2016 £	2015 £
Remuneration	<u>61,704</u>	<u>61,156</u>

9 Auditor's remuneration

	2016 £	2015 £
Audit of the financial statements	<u>4,435</u>	<u>4,350</u>

10 Other interest receivable and similar income

2016 £	2015 £
-----------	-----------

11 Interest payable and similar expenses

	2016 £	2015 £
Interest on bank overdrafts and borrowings	109,215	117,162
Interest on obligations under finance leases and hire purchase contracts	<u>6,621</u>	<u>8,101</u>
	<u>115,836</u>	<u>125,263</u>

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2016

12 Taxation

Tax charged/(credited) in the profit and loss account

	2016 £	2015 £
Current taxation		
UK corporation tax	73	24,703
Deferred taxation		
Arising from origination and reversal of timing differences	(7,628)	24,477
Tax (receipt)/expense in the income statement	(7,555)	49,180

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2015 - lower than the standard rate of corporation tax in the UK) of 20% (2015 - 20%).

The differences are reconciled below:

	2016 £	2015 £
Profit before tax	245,763	280,842
Corporation tax at standard rate	49,153	56,168
Effect of revenues exempt from taxation	(15,000)	-
Effect of expense not deductible in determining taxable profit (tax loss)	1,725	620
Tax decrease arising from group relief	-	(165)
Tax (decrease)/increase from changes in tax provisions due to legislation	(39,824)	5,497
Tax decrease from effect of rollover relief on profit on disposal of fixed assets	(2,030)	(13,011)
Other tax effects for reconciliation between accounting profit and tax expense (income)	(1,579)	71
Total tax (credit)/charge	(7,555)	49,180

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2016

Deferred tax

Deferred tax assets and liabilities

2016

Liability
£

Capital allowances in excess of depreciation	82,424
Pension costs deductible when paid	(246)
Deferred tax on revalued assets	431,426
Rolled over gains	37,570
	<u>551,174</u>

2015

Liability
£

Capital allowances in excess of depreciation	63,805
Pension costs deductible when paid	(305)
Deferred tax on revalued assets	455,754
Rolled over gains	39,548
	<u>558,802</u>

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2016

13 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 January 2016	5,619,314	2,411,469	8,030,783
Additions	<u>213,082</u>	<u>197,611</u>	<u>410,693</u>
At 31 December 2016	<u>5,832,396</u>	<u>2,609,080</u>	<u>8,441,476</u>
Depreciation			
At 1 January 2016	-	1,951,608	1,951,608
Charge for the year	<u>-</u>	<u>138,342</u>	<u>138,342</u>
At 31 December 2016	<u>-</u>	<u>2,089,950</u>	<u>2,089,950</u>
Carrying amount			
At 31 December 2016	<u>5,832,396</u>	<u>519,130</u>	<u>6,351,526</u>
At 31 December 2015	<u>5,619,314</u>	<u>459,861</u>	<u>6,079,175</u>

Revaluation

The fair value of the company's Freehold land and buildings was revalued on 31 May 2014 by an independent valuer.

The valuation was based on calculating open market value.

Had this class of asset been measured on a historical cost basis, their carrying amount would have been £2,595,881 (2015 - £2,307,899).

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2016 £	2015 £
Furniture, fittings and equipment	<u>85,188</u>	<u>106,267</u>

The depreciation charge on leased assets recognised in profit and loss in the year was £27,829 (2015 - £31,382).

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2016

14 Investments in subsidiaries, joint ventures and associates

	2016	2015
	£	£
Investments in subsidiaries	101	101

Subsidiaries	£
Cost or valuation	
At 1 January 2016 and 31 December 2015	101
Provision	
At 1 January 2015 and 31 December 2016	-
Carrying amount	
At 31 December 2016	101
At 31 December 2015	101

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2016	2015
Subsidiary undertakings				
Budock Vean Developments Limited	Budock Vean Hotel, Mawnan Smith, Falmouth, TR11 5LG	Ordinary	100%	100%
Budock Vean Holidays Limited	Lowin House, Tregolls Road, Truro, TR1 2NA	Ordinary	100%	100%

The principal activity of Budock Vean Developments Limited is property development.

The principal activity of Budock Vean Holidays Limited is lettings management.

The profit for the financial period of Budock Vean Developments Limited was £26,774 and the aggregate amount of capital and reserves at the end of the period was £4,149.

The profit for the financial period of Budock Vean Holidays Limited was £8,034 and the aggregate amount of capital and reserves at the end of the period was £2,271.

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2016

15 Stocks

	2016	2015
	£	£
Other inventories	<u>50,624</u>	<u>49,025</u>

Other inventories relate to stock items held for the delivery of services to customers, including food, bar and spa stocks.

The cost of stocks recognised as an expense in the year amounted to £584,129 (2015 - £554,933).

16 Debtors

	2016	2015
	£	£
Trade debtors	61,385	56,617
Amounts owed by related parties	95,548	62,615
Other debtors	80,049	14,727
Prepayments	<u>54,886</u>	<u>60,631</u>
Total current trade and other debtors	<u>291,868</u>	<u>194,590</u>

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2016

17 Other investments

	Financial assets at cost less impairment £	Total £
Non-current financial assets		
Cost or valuation		
At 1 January 2016	2,000	2,000
At 31 December 2016	2,000	2,000
Impairment		
Other adjustments	2,000	2,000
At 31 December 2016	2,000	2,000
Carrying amount		
At 31 December 2016	-	-

18 Cash and cash equivalents

	2016 £	2015 £
Cash on hand	230	136
Cash at bank	81,758	144,107
	81,988	144,243
Bank overdrafts	(340,152)	(304,735)
Cash and cash equivalents	(258,164)	(160,492)

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2016

19 Creditors

	Note	2016 £	2015 £
Due within one year			
Loans and borrowings	20	623,553	583,547
Payments on account		452,246	442,437
Trade creditors		142,101	117,761
Amounts due to related parties		754,126	396,997
Corporation tax	12	21,953	145,006
Social security and other taxes		119,626	103,524
Outstanding defined contribution pension costs		1,294	1,529
Other creditors		62,157	55,568
Accrued expenses		126,500	116,971
		<u>2,303,556</u>	<u>1,963,340</u>

20 Loans and borrowings

	2016 £	2015 £
Current loans and borrowings		
Bank borrowings	244,000	244,000
Bank overdrafts	340,152	304,735
Finance lease liabilities	39,401	34,812
	<u>623,553</u>	<u>583,547</u>

	2016 £	2015 £
Non-current loans and borrowings		
Bank borrowings	3,079,000	3,323,000
Finance lease liabilities	38,235	73,168
	<u>3,117,235</u>	<u>3,396,168</u>

Included in the loans and borrowings are the following amounts due after more than five years:

	2016 £	2015 £
After more than five years by instalments	2,503,000	2,747,000

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2016

The conditions and security held in respect of the borrowings of the entity can be summarised as follows:

Bank borrowings

At the balance sheet date the company has an overdraft of £340,152 (2015 - £304,735). The overdraft is secured.

The company also has two principal loans with the bank which are included in bank borrowings:

i) A Winter funding loan facility of £100,000 (2015 - £100,000). This loan is subject to bullet repayments over the summer period. A further £100,000 (2015 - £100,000) of this facility remains available to draw down on post year end.

ii) A core loan facility of £3,123,000 (2015 - £3,467,000) which is subject to capital repayments of £12,000 per month, with interest accruing at a rate of base plus 2.49%.

The following security is held in respect of the bank loan:

a) First legal charge dated 22 October 1986 over the freehold property known as the Budock Vean Hotel.

b) First fixed charge dated 11 September 1995 over all book and other debts and first floating charge over all assets, goodwill, undertaking and uncalled capital, both present and future given by Budock Vean Hotel Limited.

c) Debenture dated 18 November 2009 including fixed and equitable charge over all present and future freehold and leasehold property, first fixed charge over, among other things, book and other debts, chattels, goodwill and uncalled capital, both present and future.

d) Unlimited multilateral guarantee dated 25 May 2011 given by Budock Vean Hotel Limited and Budock Vean Holdings Limited.

e) Unlimited multilateral guarantee dated 15 September 2014 given by Budock Vean Hotel Limited, Budock Vean Holidays Limited and Budock Vean Holdings Limited.

Finance lease liabilities

Details pertaining to the finance lease liabilities of the company are disclosed in note 21.

The outstanding balance is secured against the asset to which they relate.

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2016

21 Obligations under leases and hire purchase contracts

Finance leases

There are no contingent rental, or renewal clauses. The company has the option to acquire the title of assets by paying a peppercorn rental at the end of the agreement.

The total of future minimum lease payments is as follows:

	2016 £	2015 £
Not later than one year	39,401	34,812
Later than one year and not later than five years	38,235	73,168
	<u>77,636</u>	<u>107,980</u>

Operating leases

The total of future minimum lease payments is as follows:

	2016 £	2015 £
Not later than one year	1,640	2,460
Later than one year and not later than five years	-	2,050
	<u>1,640</u>	<u>4,510</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £2,460 (2015 - £2,460).

22 Deferred tax and other provisions

	Deferred tax £	Total £
At 1 January 2016	558,802	558,802
Increase (decrease) in existing provisions	(7,628)	(7,628)
At 31 December 2016	<u>551,174</u>	<u>551,174</u>

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2016

23 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £6,245 (2015 - £5,744).

Contributions totalling £1,294 (2015 - £1,529) were payable to the scheme at the end of the year and are included in creditors.

24 Share capital

Allotted, called up and fully paid shares

	No.	2016 £	No.	2015 £
Ordinary shares of £1 each	257,885	257,885	257,885	257,885
Deferred shares of £1 each	282,000	282,000	282,000	282,000
	<u>539,885</u>	<u>539,885</u>	<u>539,885</u>	<u>539,885</u>

25 Related party transactions

Group Companies

The company is wholly owned by its parent company and has taken advantage of the exemption in FRS102 to not disclose transactions with its parent company and other wholly owned subsidiaries in the group.

Transactions with directors

	At 1 January 2016 £	Advances to directors £	Repayments by director £	Other payments made to company by director £	At 31 December 2016 £
2016					
M E Barlow					
Loan, interest free and repayable on demand	<u>6,106</u>	<u>(49,900)</u>	<u>35,886</u>	<u>-</u>	<u>(7,908)</u>
B M Barlow					
Loan, interest free and repayable on demand	<u>10,601</u>	<u>318,000</u>	<u>-</u>	<u>(319,537)</u>	<u>9,064</u>

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2016

	At 1 January 2015 £	Advances to directors £	Other payments made to company by director £	At 31 December 2015 £
2015				
M E Barlow				
Loan, interest free and repayable on demand	<u>6,106</u>	<u>-</u>	<u>-</u>	<u>6,106</u>
E H Barlow				
Loan, interest free and repayable on demand	<u>(143,198)</u>	<u>243,198</u>	<u>(100,000)</u>	<u>-</u>
B M Barlow				
Loan, interest free and repayable on demand	<u>(37,404)</u>	<u>270,000</u>	<u>(243,198)</u>	<u>(10,602)</u>

The loans due from / to the Directors are interest free and repayable upon demand.

26 Parent and ultimate parent undertaking

The company's immediate parent is Budock Vean Holdings Limited, incorporated in England and Wales.

These financial statements are available upon request from Companies House

The ultimate controlling party is M E Barlow by virtue of his controlling interest in Budock Vean Holdings Limited.