

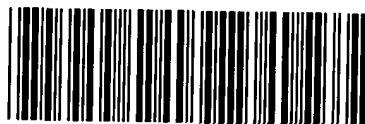
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Budock Vean Hotel Limited

Annual Report and Financial Statements Year Ended 31 December 2019

Registration number: 259572

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Budock Vean Hotel Limited

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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 for the Year Ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

Principal activity

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

Fair review of the business

The Directors announce a loss for the year of £42,940 (2018 - £5,113).

Revenue in the period has fallen to £2.91m (2018 - £2.99m), with further pressures on margin leading to the gross profit margin reducing to 53.6% (2018 - 54.6%). Management have continued their focus on controlling costs, which has been particularly successful with regards to establishment costs. In addition the company received £75k (2018 - £nil) in respect of a right of access settlement, which has contributed to the company seeing only a modest fall in operating profit to £95k (2018 - £120k).

In January 2019 the company concluded its negotiations with its bankers to refinance its loan facilities. The new facility, which is outlined in note 18 to the accounts, is interest only for a period of 24 months from the date of drawdown, and consolidates the previous facilities. The new loan also provided additional resources for the hotel to undertake a number of projects in the year which are expected to bolster EBITDA in the medium term. The larger loan facility has led to interest costs increasing to £138k (2018 - £125k).

During the year the company:

- i) Undertook further refurbishment of its room stock, which has been an ongoing project over the last few years. Our Standard and Superior rooms have a more traditional feel, with half our bedrooms now converted to new contemporary Signature rooms complete with brand new bathrooms.
- ii) Completed work on an accessible, multi purpose wedding and function suite. This suite provides the hotel with the ability to hold more weddings throughout the year for more people, as well as offering AV facilities and flexible dividing walls for three separate spaces suited for business and conference events.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2019	2018
Revenue	£000	2,911	2,993
Operating profit	£000	95	120
EBITDA	£000	297	300
Staff numbers	No	87	84
Net debt	£000	3,530	3,180

Budock Vean Hotel Limited

Strategic Report for the Year Ended 31 December 2019

Fair review of the business (continued)

Following the year end the restrictions imposed throughout the UK, linked to the impact of the Coronavirus pandemic, have materially affected the company's operations. In line with government advice about avoiding non-essential travel, and with the welfare of patrons to the hotel at the forefront, the decision was taken to close the hotel from 21 March until the early July.

The implications of this matter on the going concern assessment for the company is given in note 2 to the financial statements.

Principal risks and uncertainties

The company is exposed to the same risks as other companies within the leisure industry, however the Directors feel that through a robust assessment of the marketplace that the group is well positioned to deal with any risks and uncertainties, whilst being able to capitalise on any opportunities, as they arise.

The company operates in a competitive marketplace however the directors believe that the ongoing investment in the hotel facilities, coupled with its reputation for standards of service, mitigates this risk and supports retaining customers.

Environmental matters

Since 2004 the Budock Vean has been one of the most proactive hotels in Cornwall in terms of instigating a suitable environmentally friendly policy. We are an Ambassador for COAST; a member of the International Tree Foundation and a corporate member of Cornwall Wildlife Trust. We are totally committed to purchasing as many products and services as possible from Cornwall and particularly local based suppliers, on the basis that they meet our requirements of value, quality and reliability of supply. Menus clearly show items that have been purchased locally.

We believe that one of the greatest assets of the hotel is its grounds and location nestled on the banks of the Helford River. We are situated within an Area of Outstanding Natural Beauty (AONB) and adjacent to a Special Area of Conservation (SAC), as well as being in close proximity to several Sites of Special Scientific Interest (SSSI) and Local and National Nature Reserves (LNNR).

We see our role as custodians of this wonderful natural asset and are committed to its long term sustainability. We take all reasonable measures to preserve and maintain the immediate and wider environment for the enjoyment of future generations. The continued commercial success of the hotel will further ensure the long term preservation and sustainability of the Budock Vean Hotel Estate and its surrounds.

Approved by the Board on 18/9/20 and signed on its behalf by:


M E Barlow
Director

Budock Vean Hotel Limited

Directors' Report for the Year Ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors of the company

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

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 for the Year Ended 31 December 2019

Important non adjusting events after the financial period

In accordance with FRS102, and guidance released by the ICAEW the emergence of the Coronavirus ("CV19") is deemed to be a non-adjusting post balance sheet event because the significant development and spread of CV19 in the United Kingdom did not take place until after December 2019.

Specifically although cases were reported to the World Health Organisation on 31 December 2019, its announcement of CV19 as a global pandemic was not made until 11 March 2020. The impact of CV19 on the going concern assessment for the company is outlined in note 2 to the financial statements.

Given the developing nature of this at the time of signing the financial statements management are unable to quantify the financial impact that this event has caused.


Directors' liabilities

Appropriate directors' and officers' liability cover is in place in respect of all of the Directors of the company.

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 18/9/20 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

Opinion

We have audited the financial statements of Budock Vean Hotel Limited (the 'company') for the year ended 31 December 2019, which comprise the Profit and Loss Account and Statement of Retained Earnings, Balance Sheet, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which indicates that the company incurred a net loss of £33,434 during the year ended 31 December 2019 and, as of that date, the company's current liabilities exceeded its current assets by £1,771,447.

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in Note 2 of the financial statements. These disclosures explain that a material uncertainty exists in relation to going concern which has been impacted by the ongoing Covid 19 pandemic, the temporary closure of the parent company's operations until July 2020 and consequential macro-economic shocks.

Notwithstanding the above, given that the Board has a reasonable expectation that the business has adequate resources to continue in operational existence for the foreseeable future, the accounts have been prepared on the going concern basis.

Budock Vean Hotel Limited

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other 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.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or 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.

Budock Vean Hotel Limited

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

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

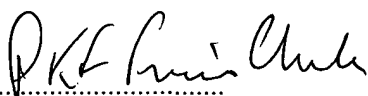
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

Lowin House
Tregolls Road
Truro
Cornwall
TR1 2NA

Date: 15/10/20

Budock Vean Hotel Limited

Statement of Income and Retained Earnings

Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	3	2,910,646	2,992,630
Cost of sales		<u>(1,350,117)</u>	<u>(1,358,535)</u>
Gross profit		1,560,529	1,634,095
Establishment costs		(1,223,981)	(1,225,388)
Administrative expenses		(316,755)	(289,200)
Other operating income	4	<u>75,000</u>	<u>-</u>
Operating profit	5	94,793	119,507
Interest payable and similar charges	9	<u>(137,733)</u>	<u>(124,620)</u>
Loss before tax		(42,940)	(5,113)
Taxation	10	<u>9,506</u>	<u>2,156</u>
Loss for the financial year		(33,434)	(2,957)
Retained earnings brought forward		<u>(72,677)</u>	<u>(69,720)</u>
Retained earnings carried forward		<u><u>(106,111)</u></u>	<u><u>(72,677)</u></u>

The notes on pages 12 to 31 form an integral part of these financial statements.

Budock Vean Hotel Limited

Balance Sheet

31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	11	6,808,550	6,523,680
Investments	12	101	101
		<u>6,808,651</u>	<u>6,523,781</u>
Current assets			
Stocks	14	45,851	49,985
Debtors	15	187,337	179,988
Cash at bank and in hand	16	75,201	74,696
		<u>308,389</u>	<u>304,669</u>
Creditors: Amounts falling due within one year	17	<u>(2,079,836)</u>	<u>(2,526,225)</u>
Net current liabilities		<u>(1,771,447)</u>	<u>(2,221,556)</u>
Total assets less current liabilities		5,037,204	4,302,225
Creditors: Amounts falling due after more than one year	17	(3,581,681)	(2,805,406)
Provisions for liabilities	20	<u>(481,696)</u>	<u>(489,558)</u>
Net assets		<u>973,827</u>	<u>1,007,261</u>
Capital and reserves			
Called up share capital	22	539,885	539,885
Revaluation reserve		540,053	540,053
Profit and loss account		<u>(106,111)</u>	<u>(72,677)</u>
Total equity		<u>973,827</u>	<u>1,007,261</u>

Approved and authorised by the Board on 18/9/20 and signed on its behalf by:


M E Barlow
Director

Company Registration Number: 259572

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2019

1 General information

The address of its registered office is:

Budock Vean Hotel
Mawnan Smith
Falmouth
TR11 5LG

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 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.

Statement of compliance

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

Basis of preparation

These financial statements have been prepared using the historical cost convention, modified for the revaluation of fixed assets.

The presentational currency of the financial statements is Pound Sterling, being the functional currency of the primary economic environment in which the company operates.

Monetary amounts in these financial statements are rounded to the nearest pound.

The preparation of financial statements in conformity with FRS102 required the use of certain critical accounting estimates. It also requires management to exercise its judgement over the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are outlined within this note.

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2019

Summary of disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions subject to certain conditions. On this basis that these conditions have been met the company has taken advantage of the following exemptions:

- (i) From preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows included in the financial statements submitted at Companies House includes the company's cash flows.
- (ii) From the financial instrument disclosures, required under FRS102 paragraphs 11.39 to 11.48A as the information is provided in the consolidated financial statement disclosures;
- (iii) 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 the transactions between members of the group, where the group companies are 100% owned.

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, Crown Way, Cardiff, CF14 3UZ

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.

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2019

Going concern

At the balance sheet date the company had net current liabilities of £1,771,447 (2018 - £2,221,556). The existence of net current liabilities may indicate a risk of not being able to meet liabilities as and when they fall due.

In preparing and approving these financial statements the directors have given due consideration to going concern risks pertaining to current trade performance, and in particular the impact of the Coronavirus pandemic. The pandemic has led to widespread, profound economic shocks, and has also forced the closure of hotels under government guidelines.

The Budock Vean Hotel was able to reopen in July 2020, and has adapted the procedures at the hotel and estate under government COVID-19 guidelines, encompassing all the social distancing regulations and the very best safe working practices. Whilst the estate is operating at 100% occupancy for its 7 self-catering units, there is a self-imposed occupancy limit of 80% for the hotel bedrooms in addition to not accepting 'walk ins' for the first few weeks of reopening to ensure that procedures work as expected.

Whilst recognising that there can be no certainty the directors are satisfied that the going concern basis of preparation remains appropriate and that the impact of the pandemic is not considered to be an adjusting post balance sheet event. In reaching this conclusion the directors, having made all necessary enquiries, have considered the following matters:

i) As outlined in the strategic report the company re-negotiated its facilities with its bankers, which provided additional funds for developments around the estate. The loan received included a 2 year interest only period, which reduces the level of debt service payments due. Since the year end the company has agreed to and received a further £500,000 facility from its bankers to support the shortfall in performance arising as a result of the exceptional closure of the hotel.

ii) In addition to the monies advanced by the bank the Directors have also introduced £250,000 as further loan capital, as well as providing a pledge for a further £100,000. These amounts are interest free and will not be repaid until such time that the company can afford repayment.

iii) Management have had active discussions with customers who had booked and have been successful in persuading many to move their stay date until later in the year. This has involved proactively contacting guests that were due to arrive within the closure period and reactively dealing with guests who booked further out. This has helped to mitigate the need to refund deposits, thereby preserving cash flow. Negotiations with suppliers have also lead to individual payment plans being agreed to further support cash flow management.

iv) Included in current liabilities is £1,253,071 (2018 - £1,170,523) due to group undertakings. The loan primarily relates to amounts due to the parent undertaking, Budock Vean Holdings Limited following the injection of capital into the group in the form of redeemable preference shares. Whilst this loan is shown as less than one year it is deemed to be long term in nature, and will not be called until such time that the preference share capital in the holding company is required to be redeemed. The redemption of the shares is obligated by the articles of the company for 1 January 2035, subject to the company serving an alternative date.

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2019

Going concern (continued)

v) Creditors includes £413,012 (2018 - £421,328) 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. The company has sought to be flexible with regards to refunds of deposits in the closure period, and have provided guests with the option to postpone their stay to a later date, retaining the deposit as a result.

vi) The company had successfully negotiated a time to pay arrangement in respect of its VAT liability for the quarter to December 2019. One instalment has been paid, with the remaining instalments now deferred until 31 March 2021. In addition to VAT deferral the company has also obtained deferrals on its PAYE liabilities for February and March until July 2020.

vii) The recent announcements by the government in reducing the VAT rate for hospitality businesses to 5% to January 2021 provides a significant benefit to the company, both in terms of bookings being made at this time and on deposits received previously for stays in this period. This is in addition to the Government Job Retention Scheme grant scheme which has been utilised in the closure period, and in respect of certain staff since re-opening.

viii) Forecasts have been prepared for the company and its wider group which demonstrate the ability of the company to continue to manage its cash flows and meet its obligations as and when they fall due.

After due consideration of these factors the Directors are satisfied that the company and wider group will be able to operate within their available facilities and continue as a going concern for the foreseeable future - being a period no less than 12 months from the date of approval of these financial statements.

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.

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2019

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.

Tangible assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Buildings are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are undertaken with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers. Revaluation gains or losses are recognised in the statement of comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit and loss.

The assets residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively where appropriate, or if there is an indication of a significant change since the last reporting date.

It is the company's practice to maintain the hotel building in a continual state of sound repair and to extend and make improvements thereto from time to time and accordingly the directors consider that the lives of these assets are so long and residual values so high that their depreciation is immaterial.

In accordance with accounting standards the directors have also considered the recoverable amounts of land and buildings and consider that this is at least equal to the carrying value in the financial statements.

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2019

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.

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.

Budock Veau Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2019

Financial instruments

Classification

The company holds the following financial instruments:

- Short term trade and other debtors and creditors;
- Inter company loan balances;
- Bank loans; and
- Cash and bank balances.

All financial instruments are classified as basic.

Recognition and measurement

The company has chosen to apply the recognition and measurement principles in FRS102. Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

Except for bank loans, such instruments 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.

Bank loans are initially measured at transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method.

Critical judgements and estimation uncertainty

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the opinion of the directors the key areas of judgement in the financial statements are as follows:

Carrying value of fixed assets (note 11)

At the balance sheet date the carrying value of freehold land and buildings is £6,065,512 (2018 - £5,896,730).

It is the company's practice to maintain the hotel building in a continual state of sound repair and to extend and make improvements thereto from time to time and accordingly the directors consider that the lives of these assets are so long and residual values so high that their depreciation is immaterial.

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2019

3 Revenue

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

	2019 £	2018 £
Rendering of services	<u>2,910,646</u>	<u>2,992,630</u>

4 Other operating income

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

	2019 £	2018 £
Other income	<u>75,000</u>	<u>-</u>

5 Operating profit

Arrived at after charging/(crediting)

	2019 £	2018 £
Depreciation expense	202,100	180,427
Operating lease expense - plant and machinery	<u>3,388</u>	<u>1,885</u>

6 Staff costs

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

	2019 £	2018 £
Wages and salaries	1,150,935	1,167,070
Social security costs	52,716	52,088
Pension costs, defined contribution scheme	20,347	12,110
Other employee expense	<u>7,398</u>	<u>7,702</u>
	<u>1,231,396</u>	<u>1,238,970</u>

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

	2019 No.	2018 No.
Directors	2	2
Hotel staff	<u>85</u>	<u>82</u>
	<u>87</u>	<u>84</u>

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2019

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration	<u>78,200</u>	<u>74,536</u>

8 Auditor's remuneration

	2019 £	2018 £
Audit of the financial statements	<u>5,990</u>	<u>5,870</u>

9 Interest payable and similar expenses

	2019 £	2018 £
Interest on bank overdrafts and borrowings	136,438	105,815
Interest on obligations under finance leases and hire purchase contracts	1,295	2,656
Interest expense on other finance liabilities	-	16,149
	<u>137,733</u>	<u>124,620</u>

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2019

10 Taxation

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

	2019 £	2018 £
Current taxation		
UK corporation tax	(1,644)	-
UK corporation tax adjustment to prior periods	-	(7,227)
	<u>(1,644)</u>	<u>(7,227)</u>
Deferred taxation		
Arising from origination and reversal of timing differences	<u>(7,862)</u>	<u>5,071</u>
Tax receipt in the income statement	<u>(9,506)</u>	<u>(2,156)</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £	2018 £
Loss before tax	<u>(42,940)</u>	<u>(5,113)</u>
Corporation tax at standard rate	(8,159)	(971)
Effect of expense not deductible in determining taxable profit (tax loss)	4,503	2,477
Effect of tax losses	(5,795)	-
Decrease in UK and foreign current tax from adjustment for prior periods	-	(7,227)
Tax decrease arising from group relief	(189)	-
Tax (decrease)/increase from changes in tax provisions due to legislation	(962)	2,968
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>1,096</u>	<u>597</u>
Total tax credit	<u>(9,506)</u>	<u>(2,156)</u>

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2019

Deferred tax

Deferred tax assets and liabilities

	Liability £
2019	
Capital allowances in excess of depreciation	112,788
Pension costs deductible when paid	(735)
Deferred tax on revalued assets	359,755
Rolled over gains	33,616
Tax loss carried forward	(23,728)
	<u>481,696</u>

	Liability £
2018	
Capital allowances in excess of depreciation	95,880
Pension costs deductible when paid	(554)
Deferred tax on revalued assets	360,616
Rolled over gains	33,616
Tax loss carried forward	-
	<u>489,558</u>

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2019

11 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 January 2019	5,896,730	3,056,168	8,952,898
Additions	168,782	318,188	486,970
At 31 December 2019	6,065,512	3,374,356	9,439,868
Depreciation			
At 1 January 2019	-	2,429,218	2,429,218
Charge for the year	-	202,100	202,100
At 31 December 2019	-	2,631,318	2,631,318
Carrying amount			
At 31 December 2019	6,065,512	743,038	6,808,550
At 31 December 2018	5,896,730	626,950	6,523,680

Revaluation

The fair value of the company's Freehold land and buildings was revalued on 12 July 2017 by Savills, who are 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 £3,036,708 (2018 - £2,751,838).

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:

	2019 £	2018 £
Furniture, fittings and equipment	50,513	22,662

The depreciation charge on leased assets recognised in profit and loss in the year was £7,045 (2018 - £7,554).

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2019

12 Investments in subsidiaries, joint ventures and associates

	2019 £	2018 £
Investments in subsidiaries	101	101
Subsidiaries		£
Cost or valuation		
At 1 January 2019 and 31 December 2019		101
Provision		
At 1 January 2019 and 31 December 2019		-
Carrying amount		
At 31 December 2019		101
At 31 December 2018		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	
			2019	2018
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%

Subsidiary undertakings

Budock Vean Developments Limited

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

Budock Vean Holidays Limited

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

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2019

13 Other investments

	Other investment £	Total £
Non-current financial assets		
Cost		
At 1 January 2019	2,000	2,000
At 31 December 2019	2,000	2,000
Impairment		
At 1 January 2019	2,000	2,000
At 31 December 2019	2,000	2,000
Carrying amount		
At 31 December 2019	-	-
At 31 December 2018	-	-

14 Stocks

	2019 £	2018 £
Other inventories	45,851	49,985

15 Debtors

	Note	2019 £	2018 £
Trade debtors		34,002	40,149
Amounts owed by related parties		110,191	108,596
Other debtors		2,490	2,490
Prepayments		33,312	28,753
Income tax asset	10	7,342	-
Total current trade and other debtors		187,337	179,988

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2019

16 Cash and cash equivalents

	2019 £	2018 £
Cash on hand	(544)	(382)
Cash at bank	75,745	75,078
	<u>75,201</u>	<u>74,696</u>
Bank overdrafts	-	(99,071)
Cash and cash equivalents	<u>75,201</u>	<u>(24,375)</u>

17 Creditors

	Note	2019 £	2018 £
Due within one year			
Loans and borrowings	18	23,834	449,160
Payments on account		413,012	421,328
Trade creditors		130,619	85,452
Amounts due to group undertakings		1,253,071	1,170,523
Corporation tax	10	-	5,190
Social security and other taxes		136,880	156,154
Outstanding defined contribution pension costs		4,322	3,260
Other creditors		23,628	131,249
Accrued expenses		94,470	103,909
		<u>2,079,836</u>	<u>2,526,225</u>
Due after one year			
Loans and borrowings	18	<u>3,581,681</u>	<u>2,805,406</u>

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2019

18 Loans and borrowings

	2019 £	2018 £
Current loans and borrowings		
Bank borrowings	-	344,000
Bank overdrafts	-	99,071
Hire purchase contracts	23,834	6,089
	<u>23,834</u>	<u>449,160</u>
	2019 £	2018 £
Non-current loans and borrowings		
Bank borrowings	3,553,000	2,791,000
Hire purchase contracts	28,681	14,406
	<u>3,581,681</u>	<u>2,805,406</u>

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 £nil (2018 - £99,071). The overdraft is secured.

In January 2019 the company concluded negotiations on a new bank facility with its bankers, which led to a new facility of £3.553m being made available to the company to consolidate its previous loans and overdraft. This loan is interest only for a period of 24 months from the date of drawdown, with interest accruing at a rate of margin plus LIBOR, where margin is defined as:

- 3% to the third anniversary of the date of the loan agreement;
- 2.5% thereafter provided that appropriate loan to value conditions are met.

The loan is repayable in full at its termination date, which is five years from the date of drawdown.

In the prior year the company had the following facilities in place:

- i) A Winter funding loan facility of £200,000. This loan was subject to bullet repayments over the summer period.
- ii) A core loan facility of £2,935,000 which was subject to capital repayments of £12,000 per month, with interest accruing at a rate of base plus 2.49%.

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2019

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

- a) Debenture including Fixed Charge over all present freehold and leasehold property; First Fixed Charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and First Floating Charge over all assets and undertaking both present and future dated 29 January 2019;
- b) First Legal Charge dated 22 October 1986 over Freehold Property known as Budock Vean Hotel, Budock Vean Lane, Mawnan Smith, Falmouth, Cornwall;
- c) Fixed Charge over book and other debts, goodwill, uncalled capital and intellectual property and a Floating Charge over all other assets dated 11 September 1995;
- d) Shares - Memorandum of Deposit dated 29 January 2019;
- e) Debenture including Fixed Charge over all present freehold and leasehold property; First Fixed Charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and First Floating Charge over all assets and undertaking both present and future dated 18 November 2009;
- f) Composite Company Unlimited Multilateral Guarantee dated 15 September 2014 given by Budock Vean Hotel Limited, Budock Vean Holdings Limited, Budock Vean Holidays Limited;
- g) Composite Company Unlimited Multilateral Guarantee dated 25 May 2011 given by Budock Vean Hotel Limited, Budock Vean Holdings Limited.

Finance lease liabilities

Details pertaining to the finance lease liabilities of the company are disclosed in note 19.

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 2019

19 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:

	2019 £	2018 £
Not later than one year	23,834	6,089
Later than one year and not later than five years	28,681	14,406
	<u>52,515</u>	<u>20,495</u>

Operating leases

The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	1,640	1,640

The amount of non-cancellable operating lease payments recognised as an expense during the year was £2,460 (2018 - £2,460).

20 Deferred tax and other provisions

	Deferred tax £	Total £
At 1 January 2019	489,558	489,558
Increase (decrease) in existing provisions	(7,862)	(7,862)
At 31 December 2019	<u>481,696</u>	<u>481,696</u>

21 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 £20,347 (2018 - £12,110).

Contributions totalling £4,322 (2018 - £3,260) were payable to the scheme at the end of the year and are included in creditors.

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2019

22 Share capital

Allotted, called up and fully paid shares

	No.	2019 £	No.	2018 £
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>

The deferred shares do not entitle the holder to:

- Receive any dividend or participate in any profits or surplus assets of the company except to receive repayment of capital pari passu with the ordinary shareholders in the event of the winding up of the company.
- To receive notice nor attend any general meeting of the Company except where the meeting includes consideration of a resolution for the wind up of the company.

The deferred shareholders may give notice to require the company to allot one nominal pound of ordinary share capital in the company in exchange for one nominal pound of deferred share capital.

23 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

M E Barlow

During the year M E Barlow has had a loan due from the company. This loan is unsecured, interest free and repayable upon demand.

During the year M E Barlow has advanced £nil (2018 - £5,566) to the company, and has been repaid £2,000 (2018 - £7,466).

At the balance sheet date M E Barlow was due £100 (2018 - £2,100) from Budock Vean Hotel Limited.

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2019

E H Barlow

During the year E H Barlow has had a loan due from the company. This loan is unsecured, interest free and repayable upon demand.

During the year E H Barlow has advanced £nil (2018 - £450,000) to the company, and has been repaid £82,000 (2018 - £405,466). Of the amounts repaid to E H Barlow £82,000 (2018 - £405,000) has been satisfied by means of a redeemable preference share issue in the immediate parent undertaking Budock Vean Holdings Limited.

At the balance sheet date E H Barlow was due £1,598 (2018 - £83,598) from Budock Vean Hotel Limited.

24 Non adjusting events after the financial period

In accordance with FRS102, and guidance released by the ICAEW the emergence of the Coronavirus ("CV19") is deemed to be a non-adjusting post balance sheet event because the significant development and spread of CV19 in the United Kingdom did not take place until after December 2019.

Specifically although cases were reported to the World Health Organisation on 31 December 2019, its announcement of CV19 as a global pandemic was not made until 11 March 2020. The impact of CV19 on the going concern assessment for the company is outlined in note 2 to the financial statements.

Given the developing nature of this at the time of signing the financial statements management are unable to quantify the financial impact that this event has caused.

25 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.