

Budock Vean Hotel Limited

**Annual Report and Financial Statements
Year Ended 31 December 2017**

Registration number: 259572



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 9
Profit and Loss Account and Statement of Retained Earnings	10
Balance Sheet	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 2017

The directors present their strategic report for the year ended 31 December 2017.

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 £152,587 (2016 - £245,763).

During the year the company has continued its refurbishment programme across the hotel, focusing on improvements in the public areas as well as bedroom and bathroom improvements.

Against this backdrop revenue at the hotel has increased by 4.1% in the year to £3.06m (2016 - £2.95m). The increase in revenue has also been met with an increase in the gross profit percentage achieved to 56.09% (2016 - 55.71%), primarily through strong cost control. After taking account of establishment costs and administrative expenses the company has achieved an operating profit of £268,334 (2016 - £286,599). As a resort (incorporating the commissions received on lodges reflected in the results of a subsidiary company) an operating profit of £286,614 (2016 - £310,644) has been achieved in the current year.

The prior year results included:

- The receipt of additional amounts from the company bankers in respect of IRHP settlements and compensation for costs of £69,626.
- Dividends paid from subsidiary undertakings of £75,000.

On a like for like basis, excluding the above items, the company has achieved an increase in its profit before tax from £101,137 to £152,587 which supports the continued investment in the hotel.

As shown on the balance sheet on page 11 the company continues to trade from a net current liability position. The matters considered by the Directors in their assessment of the appropriateness of the going concern assertion are included in note 2 to the accounts. The Directors continually monitor their cash position to ensure that they have sufficient reserves to meet their obligations as and when they fall due.

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 due to the continued and sustained refurbishment. The Directors have a schedule of improvements for the hotel, including the continued construction of a number of holiday homes on the site.

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 2017

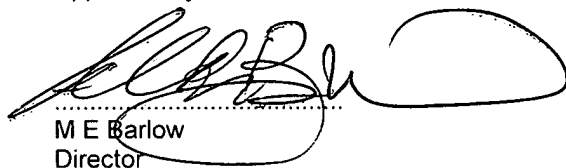
Environmental matters

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 21/05/18 and signed on its behalf by:



M E Barlow
Director

Budock Vean Hotel Limited

Directors' Report

Year Ended 31 December 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors of the company

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

B M Barlow (Deceased 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 2017


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 all the 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 21/05/18 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 2017, 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 2017 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.

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.

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

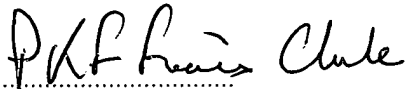
As explained more fully in the Statement of Directors' Responsibilities [set out on page 6], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary 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.



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

Lowin House
Tregolls Road
Truro
Cornwall
TR1 2NA

Date: 1/6/13

Budock Vean Hotel Limited

Statement of Income and Retained Earnings

Year Ended 31 December 2017

	Note	2017 £	2016 £
Turnover	3	3,057,881	2,946,962
Cost of sales		<u>(1,342,595)</u>	<u>(1,305,160)</u>
Gross profit		1,715,286	1,641,802
Establishment costs		(1,186,217)	(1,170,977)
Administrative expenses		(262,937)	(252,449)
Other operating income	4	<u>2,202</u>	<u>68,223</u>
Operating profit	6	<u>268,334</u>	<u>286,599</u>
Income from shares in group undertakings		-	75,000
Interest payable and similar charges	10	<u>(115,747)</u>	<u>(115,836)</u>
		<u>(115,747)</u>	<u>(40,836)</u>
Profit before tax		152,587	245,763
Taxation	11	<u>53,488</u>	<u>7,555</u>
Profit for the financial year		206,075	253,318
Retained earnings brought forward		<u>(275,795)</u>	<u>(529,114)</u>
Retained earnings carried forward		<u>(69,720)</u>	<u>(275,796)</u>

The notes on pages 12 to 30 form an integral part of these financial statements.

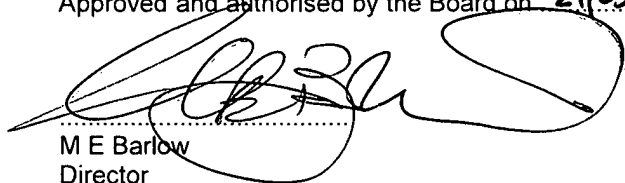
Budock Vean Hotel Limited

Balance Sheet

31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	12	6,473,498	6,351,526
Investments	13	<u>101</u>	<u>101</u>
		<u>6,473,599</u>	<u>6,351,627</u>
Current assets			
Stocks	14	52,115	50,624
Debtors	15	215,893	291,868
Cash at bank and in hand		<u>66,844</u>	<u>81,988</u>
		334,852	424,480
Creditors: Amounts falling due within one year	18	<u>(2,357,199)</u>	<u>(2,303,556)</u>
Net current liabilities		<u>(2,022,347)</u>	<u>(1,879,076)</u>
Total assets less current liabilities		4,451,252	4,472,551
Creditors: Amounts falling due after more than one year	18	(2,956,547)	(3,117,235)
Provisions for liabilities	21	<u>(484,487)</u>	<u>(551,174)</u>
Net assets		<u>1,010,218</u>	<u>804,142</u>
Capital and reserves			
Called up share capital	23	539,885	539,885
Revaluation reserve		540,053	540,053
Profit and loss account		<u>(69,720)</u>	<u>(275,796)</u>
Total equity		<u>1,010,218</u>	<u>804,142</u>

Approved and authorised by the Board on 21/05/18 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 2017

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.

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 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 2017

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 £2,022,347 (2016 - £1,879,076)

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

a) Creditors includes £421,985 (2016 - £452,246) 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 £697,655 (2016 - £623,553) 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 2018, 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 2017

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 2017

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 2017

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 2017

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:

	2017	2016
	£	£
Rendering of services	<u>3,057,881</u>	<u>2,946,962</u>

4 Other operating income

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

	2017	2016
	£	£
Profit / (loss) on sale of furniture	-	(1,403)
Consequential loss claim	<u>2,202</u>	<u>69,626</u>
	<u>2,202</u>	<u>68,223</u>

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 prior 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 prior year accounts as accrued income.

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2017

5 Other gains and losses

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

	2017 £	2016 £
Impairment of other investments	-	(2,000)

6 Operating profit

Arrived at after charging/(crediting)

	2017 £	2016 £
Depreciation expense	158,842	138,342
Operating lease expense - plant and machinery	5,074	8,569

7 Staff costs

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

	2017 £	2016 £
Wages and salaries	1,097,825	1,075,534
Social security costs	49,097	46,126
Pension costs, defined contribution scheme	7,098	6,245
Other employee expense	7,479	6,106
	<u>1,161,499</u>	<u>1,134,011</u>

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

	2017 No.	2016 No.
Directors	2	3
Hotel staff	81	75
	<u>83</u>	<u>78</u>

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2017

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017	2016
	£	£
Remuneration	<u>63,591</u>	<u>61,704</u>

9 Auditor's remuneration

	2017	2016
	£	£
Audit of the financial statements	<u>4,790</u>	<u>4,435</u>

10 Interest payable and similar expenses

	2017	2016
	£	£
Interest on bank overdrafts and borrowings	99,017	109,215
Interest on obligations under finance leases and hire purchase contracts	4,602	6,621
Interest expense on other finance liabilities	<u>12,128</u>	<u>-</u>
	<u>115,747</u>	<u>115,836</u>

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2017

11 Taxation

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

	2017 £	2016 £
Current taxation		
UK corporation tax	13,199	73
Deferred taxation		
Arising from origination and reversal of timing differences	(8,502)	(7,628)
Arising from changes in tax rates and laws	<u>(58,185)</u>	<u>-</u>
Total deferred taxation	<u>(66,687)</u>	<u>(7,628)</u>
Tax receipt in the income statement	<u>(53,488)</u>	<u>(7,555)</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2016 - lower than the standard rate of corporation tax in the UK) of 19% (2016 - 20%).

The differences are reconciled below:

	2017 £	2016 £
Profit before tax	<u>152,587</u>	<u>245,763</u>
Corporation tax at standard rate	28,992	49,153
Effect of revenues exempt from taxation	-	(15,000)
Effect of expense not deductible in determining taxable profit (tax loss)	115	1,725
Tax decrease from changes in tax provisions due to legislation	(56,791)	(39,824)
Tax decrease from effect of rollover relief on profit on disposal of fixed assets	(26,586)	(2,030)
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>782</u>	<u>(1,579)</u>
Total tax credit	<u>(53,488)</u>	<u>(7,555)</u>

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2017

Deferred tax

Deferred tax assets and liabilities

2017

**Liability
£**

Capital allowances in excess of depreciation	89,056
Pension costs deductible when paid	(242)
Deferred tax on revalued assets	362,057
Rolled over gains	33,616
	<u>484,487</u>

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>

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2017

12 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 January 2017	5,832,396	2,609,080	8,441,476
Additions	14,466	266,348	280,814
At 31 December 2017	5,846,862	2,875,428	8,722,290
Depreciation			
At 1 January 2017	-	2,089,950	2,089,950
Charge for the year	-	158,842	158,842
At 31 December 2017	-	2,248,792	2,248,792
Carrying amount			
At 31 December 2017	5,846,862	626,636	6,473,498
At 31 December 2016	5,832,396	519,130	6,351,526

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 £2,580,250 (2016 - £2,580,250).

The depreciation charge on leased assets recognised in profit and loss in the year was £24,181 (2016 - £27,829).

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:

	2017 £	2016 £
Furniture, fittings and equipment	94,107	85,188

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2017

13 Investments in subsidiaries, joint ventures and associates

	2017 £	2016 £
Investments in subsidiaries	<u>101</u>	<u>101</u>
Subsidiaries		£
Cost or valuation		
At 1 January 2017 and 31 December 2017		101
Provision		
At 1 January 2017 and 31 December 2017		<u>-</u>
Carrying amount		
At 31 December 2017		<u>101</u>
At 31 December 2016		<u>101</u>

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	
			2017	2016
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.

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2017

14 Stocks

	2017 £	2016 £
Other inventories	<u>52,115</u>	<u>50,624</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 £603,104 (2016 - £584,129).

15 Debtors

	2017 £	2016 £
Trade debtors	59,531	61,385
Amounts owed by related parties	107,051	95,548
Other debtors	2,490	80,049
Prepayments	<u>46,821</u>	<u>54,886</u>
Total current trade and other debtors	<u>215,893</u>	<u>291,868</u>

16 Other investments

	Other investment £	Total £
Non-current financial assets		
Cost or valuation		
At 1 January 2017	<u>2,000</u>	<u>2,000</u>
At 31 December 2017	<u>2,000</u>	<u>2,000</u>
Impairment		
Other adjustments	<u>2,000</u>	<u>2,000</u>
At 31 December 2017	<u>2,000</u>	<u>2,000</u>
Carrying amount		
At 31 December 2017	<u>-</u>	<u>-</u>
At 31 December 2016	<u>-</u>	<u>-</u>

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2017

17 Cash and cash equivalents

	2017 £	2016 £
Cash on hand	246	230
Cash at bank	66,598	81,758
	<u>66,844</u>	<u>81,988</u>
Bank overdrafts	(289,992)	(340,152)
Cash and cash equivalents	<u>(223,148)</u>	<u>(258,164)</u>

18 Creditors

	Note	2017 £	2016 £
Due within one year			
Loans and borrowings	19	697,655	623,553
Payments on account		421,985	452,246
Trade creditors		95,791	142,101
Amounts due to group undertakings		764,766	754,126
Corporation tax	11	12,417	21,953
Social security and other taxes		136,242	119,626
Outstanding defined contribution pension costs		1,422	1,294
Other creditors		90,880	62,157
Accrued expenses		136,041	126,500
		<u>2,357,199</u>	<u>2,303,556</u>
Due after one year			
Loans and borrowings	19	<u>2,956,547</u>	<u>3,117,235</u>

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2017

19 Loans and borrowings

	2017 £	2016 £
Current loans and borrowings		
Bank borrowings	294,000	244,000
Bank overdrafts	289,992	340,152
Finance lease liabilities	44,293	39,401
Other borrowings	69,370	-
	<u>697,655</u>	<u>623,553</u>

	2017 £	2016 £
Non-current loans and borrowings		
Bank borrowings	2,935,000	3,079,000
Finance lease liabilities	21,547	38,235
	<u>2,956,547</u>	<u>3,117,235</u>

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

	2017 £	2016 £
After more than five years by instalments	<u>2,359,000</u>	<u>2,503,000</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 £289,992 (2016 - £340,152). 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 £150,000 (2016 - £100,000). This loan is subject to bullet repayments over the summer period. A further £50,000 (2016 - £100,000) of this facility remains available to draw down on post year end.

ii) A core loan facility of £3,079,000 (2016 - £3,223,000) which is 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 2017

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.

Other loans

Other loans are secured by means of a personal guarantee by ME Barlow (Director).

Finance lease liabilities

Details pertaining to the finance lease liabilities of the company are disclosed in note 20.

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 2017

20 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:

	2017 £	2016 £
Not later than one year	44,293	39,401
Later than one year and not later than five years	21,547	38,235
	<u>65,840</u>	<u>77,636</u>

Operating leases

The total of future minimum lease payments is as follows:

	2017 £	2016 £
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 (2016 - £2,460).

21 Deferred tax and other provisions

	Deferred tax £	Total £
At 1 January 2017	551,174	551,174
Provisions used	(66,687)	(66,687)
At 31 December 2017	<u>484,487</u>	<u>484,487</u>

22 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 £7,098 (2016 - £6,245).

Contributions totalling £1,422 (2016 - £1,294) 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 2017

23 Share capital

Allotted, called up and fully paid shares

	No.	2017 £	No.	2016 £
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>

24 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 2017 £	Advanced £	Repaid £	Transfer £	At 31 December 2017 £
2017					
M E Barlow					
Loan, interest free and repayable on demand	<u>(7,908)</u>	<u>3,908</u>	<u>-</u>	<u>-</u>	<u>(4,000)</u>
E H Barlow					
Loan, interest free and repayable on demand	<u>-</u>	<u>-</u>	<u>(30,000)</u>	<u>(9,064)</u>	<u>(39,064)</u>
B M Barlow					
Loan, interest free and repayable on demand	<u>(9,064)</u>	<u>-</u>	<u>-</u>	<u>9,064</u>	<u>-</u>

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2017

	At 1 January 2016 £	Advances to directors £	Repaid by director £	At 31 December 2016 £
2016				
M E Barlow				
Loan, interest free and repayable on demand	<u>6,106</u>	<u>35,886</u>	<u>(49,900)</u>	<u>(7,908)</u>
B M Barlow				
Loan, interest free and repayable on demand	<u>(10,602)</u>	<u>319,538</u>	<u>(318,000)</u>	<u>(9,064)</u>

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

25 Parent and ultimate parent undertaking

The company's immediate parent is Budock Vean Holdings Limited, incorporated in England and Wales. The registered office of the company is Budock Vean Hotel, Mawnan Smith, Falmouth, TR11 5LG.

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.