

Budock Vean Hotel Limited
Annual Report and Financial Statements
Year Ended 31 December 2022

Registration number: 00259572

Budock Vean Hotel Limited

Contents

| | |
|--|-----------------|
| Company Information | <u>1</u> |
| Strategic Report | <u>2 to 3</u> |
| Director’s Report | <u>4 to 5</u> |
| Statement of Director’s Responsibilities | <u>6</u> |
| Independent Auditor’s Report | <u>7 to 10</u> |
| Profit and Loss Account | <u>11</u> |
| Statement of Comprehensive Income | <u>12</u> |
| Balance Sheet | <u>13</u> |
| Statement of Changes in Equity | <u>14</u> |
| Notes to the Financial Statements | <u>15 to 34</u> |

Budock Vean Hotel Limited

Company Information

Director 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 2022

The director presents his strategic report for the year ended 31 December 2022.

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 before tax for the year of £158,085 (2021 profit - £641,660). Revenue in the period has risen to £3.44m (2021 - £3.08m), largely due to lifting of Covid restrictions. Inflationary pressures have adversely impacted on margin leading to the gross profit margin decreasing to 59.03% (2021 - 62.6%). The prior year results were impacted by Covid 19 restrictions, coupled with government support measures through government grant schemes, reduced rates costs and reduced rates of VAT, which returned to pre Covid 19 levels during the period. The removal of restrictions has meant that the hotel has been able to trade for the full year to 31 December 2022, however inflationary pressures in areas such as wages and light and heat have impacted profitability. In addition the company received £nil (2021 - 276k) in respect of the government's Coronavirus Job Retention Scheme. The company reports an operating loss of £6k (2021 - profit of £761k).

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

| Financial KPIs | Unit | 2022 | 2021 |
|-------------------------|-------------|-------------|-------------|
| Operating profit/(loss) | £000 | (6) | 761 |
| EBITDA | £000 | 225 | 933 |
| Staff numbers | No | 83 | 79 |
| Net debt | £000 | 3,261 | 2,642 |
| Revenue | £000 | 3,445 | 3,085 |

Budock Vean Hotel Limited

Strategic Report for the Year Ended 31 December 2022

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.

The ongoing uncertainty in relation to energy prices and general inflation, as well as the impending recession provide a risk to the Hotel. However, the Directors believe that the hotel will retain custom.

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 director on 29 January 2024 and signed on its behalf by:

M E Barlow
Director

Budock Vean Hotel Limited

Director's Report for the Year Ended 31 December 2022

The director presents his report and the financial statements for the year ended 31 December 2022.

Directors of the company

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

E H Barlow (ceased 14 May 2023)

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.

Director's liabilities

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

Budock Vean Hotel Limited

Director's Report for the Year Ended 31 December 2022

Disclosure of information to the auditors

The director has taken steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information. The director confirms that there is no relevant information that he knows of and of which he knows the auditors are unaware.

Approved and authorised by the director on 29 January 2024

.....

M E Barlow

Director

Budock Vean Hotel Limited

Statement of Director's Responsibilities

The director acknowledges his responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 2022, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, 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 2022 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 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.

Emphasis of matter - financial statements prepared on a basis other than going concern

We draw your attention to Note 2 to the financial statements which explains that the director intends to sell the trade and assets and therefore does not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern as described in Note 2. Our opinion is not modified in respect of this matter.

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.

Budock Vean Hotel Limited

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

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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Director's 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 Director's 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.

Responsibilities of the director

As explained more fully in the Statement of Director's Responsibilities set out on page 6, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor 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.

Budock Vean Hotel Limited

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of our audit planning we obtained an understanding of the legal and regulatory framework that is applicable to the entity and industry/sector in which it operates to identify the key laws and regulations affecting the entity. As part of this assessment process we have identified key laws and regulations of the entity and investigated whether any of these have breached in the year.

The key laws and regulations we identified were:

- The Health and Safety at Work Act 1974
- Credit Card Order 1990
- Employer's Liability (Compulsory Insurance) Act 1969
- Licensing Act 1964
- GDPR

We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, primarily the Companies Act 2006.

We discussed with management how the compliance of these laws and regulations is monitored and discussed policies and procedures in place. We also identified the individuals who have responsibility for ensuring that the entity complies with laws and regulations and deals with reporting any issues if they arise.

As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations. Our procedures involved the following:

- Enquiries of management and those charged with governance regarding their knowledge of any non-compliance with laws and regulations that could affect the financial statements;
- Reviewed legal and professional costs to identify any possible non-compliance or legal costs in respect of any potential non-compliance; and
- Obtained copies of documentation proving compliance with relevant laws and regulations where possible.

As part of our enquiries we discussed with management whether there have been any known instances, allegations or suspicions of fraud, of which there were none.

We also evaluated the risk of fraud through management override including that arising from management's incentives. The key risk we identified was financial covenant compliance and we determined that the principal risks were related to the overstatement of EBITDA, either through overstating revenue, understating expenditure, or management bias in relation to accounting estimates.

In response to the identified risk, as part of our audit work, we:

- Used data analytics to test journal entries throughout the year, for appropriateness;
- Reviewed estimates and judgements made in the financial statements for any indication of bias and challenged assumptions used by management in making the estimates.

Budock Vean Hotel Limited

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, collusion, omission or misrepresentation.

A further description of our responsibilities is available 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

30 January 2024

Budock Vean Hotel Limited

Profit and Loss Account

Year Ended 31 December 2022

| | Note | 2022 £ | 2021 £ |
|--------------------------------------|-----------|-------------------------|-----------------------|
| Turnover | <u>3</u> | 3,444,887 | 3,084,656 |
| Cost of sales | | <u>(1,411,416)</u> | <u>(1,154,346)</u> |
| Gross profit | | 2,033,471 | 1,930,310 |
| Establishment costs | | (1,520,430) | (1,099,308) |
| Administrative expenses | | (519,140) | (345,852) |
| Other operating income | <u>4</u> | <u>-</u> | <u>276,029</u> |
| Operating (loss)/profit | <u>5</u> | (6,099) | 761,179 |
| Interest payable and similar charges | | <u>(151,986)</u> | <u>(119,519)</u> |
| (Loss)/profit before tax | | (158,085) | 641,660 |
| Taxation | <u>10</u> | <u>31,130</u> | <u>(296,003)</u> |
| (Loss)/profit for the financial year | | <u><u>(126,955)</u></u> | <u><u>345,657</u></u> |

The above results were derived from continuing operations.

Budock Vean Hotel Limited

Statement of Comprehensive Income

Year Ended 31 December 2022

| | Note | 2022 £ | 2021 £ |
|--|-------------|-------------------------|-----------------------|
| (Loss)/profit for the year | | (126,955) | 345,657 |
| Surplus/deficit on property, plant and equipment revaluation | | <u>(344,852)</u> | <u>-</u> |
| Total comprehensive income for the year | | <u><u>(471,807)</u></u> | <u><u>345,657</u></u> |

Budock Vean Hotel Limited

Balance Sheet

31 December 2022

| | Note | 2022 £ | 2021 £ |
|--|-----------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | <u>11</u> | 7,000,000 | 6,832,989 |
| Investments | <u>12</u> | 101 | 101 |
| | | <u>7,000,101</u> | <u>6,833,090</u> |
| Current assets | | | |
| Stocks | <u>14</u> | 55,338 | 55,848 |
| Debtors | <u>15</u> | 476,790 | 909,765 |
| Cash at bank and in hand | <u>16</u> | 407,020 | 1,013,360 |
| | | <u>939,148</u> | <u>1,978,973</u> |
| Creditors: Amounts falling due within one year | <u>17</u> | <u>(3,342,526)</u> | <u>(3,388,241)</u> |
| Net current liabilities | | <u>(2,403,378)</u> | <u>(1,409,268)</u> |
| Total assets less current liabilities | | 4,596,723 | 5,423,822 |
| Creditors: Amounts falling due after more than one year | <u>17</u> | <u>(3,426,333)</u> | <u>(3,633,213)</u> |
| Provisions for liabilities | <u>20</u> | <u>(583,077)</u> | <u>(731,489)</u> |
| Net assets | | <u>587,313</u> | <u>1,059,120</u> |
| Capital and reserves | | | |
| Called up share capital | <u>25</u> | 539,885 | 539,885 |
| Revaluation reserve | | 195,201 | 540,053 |
| Profit and loss account | | <u>(147,773)</u> | <u>(20,818)</u> |
| Total equity | | <u>587,313</u> | <u>1,059,120</u> |

Approved and authorised by the director on 29 January 2024

.....
M E Barlow
Director

Company Registration Number: 00259572

Budock Vean Hotel Limited

Statement of Changes in Equity

Year Ended 31 December 2022

| | Share capital £ | Revaluation reserve £ | Profit and loss account £ | Total £ |
|----------------------------|--------------------|-----------------------------|---------------------------------|------------|
| At 1 January 2022 | 539,885 | 540,053 | (20,818) | 1,059,120 |
| Loss for the year | - | - | (126,955) | (126,955) |
| Other comprehensive income | - | (344,852) | - | (344,852) |
| Total comprehensive income | - | (344,852) | (126,955) | (471,807) |
| At 31 December 2022 | 539,885 | 195,201 | (147,773) | 587,313 |

| | Share capital £ | Revaluation reserve £ | Profit and loss account £ | Total £ |
|---------------------|--------------------|-----------------------------|---------------------------------|------------|
| At 1 January 2021 | 539,885 | 540,053 | (366,475) | 713,463 |
| Profit for the year | - | - | 345,657 | 345,657 |
| At 31 December 2021 | 539,885 | 540,053 | (20,818) | 1,059,120 |

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2022

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

These financial statements were authorised for issue by the director on 29 January 2024.

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

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 2022

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.

Going concern

The financial statements have been prepared on a basis other than that of going concern as it is the intention of the director that the assets of the company will be sold after the balance sheet date. The hotel is being marketed for sale to a third party and the outstanding loans will be repaid. Future costs of terminating the business that were not committed to at the balance sheet date are not included.

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2022

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 2022

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 2022

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 |

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 2022

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 £6,093,158 (2021 - £6,188,597).

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 2022

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.

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 Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2022

3 Revenue

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

| | 2022 £ | 2021 £ |
|-----------------------|-----------|-----------|
| Rendering of services | 3,444,887 | 3,084,656 |

4 Other operating income

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

| | 2022 £ | 2021 £ |
|--------------|-----------|-----------|
| Other income | - | 276,029 |

5 Operating (loss)/profit

Arrived at after charging/(crediting)

| | 2022 £ | 2021 £ |
|---|-----------|-----------|
| Depreciation expense | 230,689 | 192,841 |
| Operating lease expense - plant and machinery | 11,977 | 8,040 |
| Loss on disposal of property, plant and equipment | 2,822 | - |

6 Staff costs

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

| | 2022 £ | 2021 £ |
|--|-----------|-----------|
| Wages and salaries | 1,399,708 | 1,136,047 |
| Social security costs | 84,714 | 38,218 |
| Pension costs, defined contribution scheme | 19,073 | 15,062 |
| Other employee expense | 7,198 | 7,707 |
| | 1,510,693 | 1,197,034 |

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

| | 2022 No. | 2021 No. |
|-------------|-------------|-------------|
| Directors | 2 | 2 |
| Hotel staff | 81 | 77 |
| | 83 | 79 |

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2022

7 Directors' remuneration

The director's remuneration for the year was as follows:

| | 2022 £ | 2021 £ |
|--------------|-----------|-----------|
| Remuneration | 125,285 | 87,497 |

8 Auditor's remuneration

| | 2022 £ | 2021 £ |
|-----------------------------------|-----------|-----------|
| Audit of the financial statements | 7,150 | 6,500 |

9 Interest payable and similar expenses

| | 2022 £ | 2021 £ |
|--|-----------|-----------|
| Interest on bank overdrafts and borrowings | 148,684 | 115,020 |
| Interest on obligations under finance leases and hire purchase contracts | 3,237 | 3,514 |
| Interest expense on other finance liabilities | 65 | 985 |
| | 151,986 | 119,519 |

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2022

10 Taxation

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

| | 2022 £ | 2021 £ |
|---|------------------------|-----------------------|
| Current taxation | | |
| UK corporation tax | (5,768) | 59,261 |
| UK corporation tax adjustment to prior periods | 10,989 | - |
| | <u>5,221</u> | <u>59,261</u> |
| Deferred taxation | | |
| Arising from origination and reversal of timing differences | <u>(36,351)</u> | <u>236,742</u> |
| Tax (receipt)/expense in the income statement | <u><u>(31,130)</u></u> | <u><u>296,003</u></u> |

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

| | 2022 £ | 2021 £ |
|---|------------------------|-----------------------|
| (Loss)/profit before tax | <u>(158,085)</u> | <u>641,660</u> |
| Corporation tax at standard rate | (30,036) | 121,915 |
| Effect of expense not deductible in determining taxable profit (tax loss) | 4,773 | 562 |
| Effect of tax losses | - | 2,149 |
| Other tax effects for reconciliation between accounting profit and tax expense (income) | <u>(5,867)</u> | <u>171,377</u> |
| Total tax (credit)/charge | <u><u>(31,130)</u></u> | <u><u>296,003</u></u> |

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2022

Deferred tax

Deferred tax assets and liabilities

| | Asset £ | Liability £ |
|--|--------------------|------------------------|
| 2022 | | |
| Capital allowances in excess of depreciation | - | 206,187 |
| Pension costs deductible when paid | - | (1,052) |
| Deferred tax on revalued assets | - | 416,067 |
| Tax loss carried forward | - | (87,560) |
| Rolled over gains | - | 49,435 |
| | - | 583,077 |
| | | |
| | Asset £ | Liability £ |
| 2021 | | |
| Capital allowances in excess of depreciation | - | 154,714 |
| Pension costs deductible when paid | - | (788) |
| Deferred tax on revalued assets | - | 528,128 |
| Rolled over gains | - | 49,435 |
| | - | 731,489 |

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2022

11 Tangible assets

| | Land and buildings £ | Furniture, fittings and equipment £ | Total £ |
|--------------------------|----------------------------|--|------------|
| Cost or valuation | | | |
| At 1 January 2022 | 6,188,597 | 3,691,952 | 9,880,549 |
| Revaluations | (456,913) | - | (456,913) |
| Additions | 409,500 | 447,935 | 857,435 |
| Disposals | (2,822) | - | (2,822) |
| At 31 December 2022 | 6,138,362 | 4,139,887 | 10,278,249 |
| Depreciation | | | |
| At 1 January 2022 | - | 3,047,560 | 3,047,560 |
| Charge for the year | - | 230,689 | 230,689 |
| At 31 December 2022 | - | 3,278,249 | 3,278,249 |
| Carrying amount | | | |
| At 31 December 2022 | 6,138,362 | 861,638 | 7,000,000 |
| At 31 December 2021 | 6,188,597 | 644,392 | 6,832,989 |

Revaluation

The fair value of the company's Freehold land and buildings was revalued on 21 December 2022 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 £3,675,327 (2021 - £3,061,713).

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:

| | 2022 £ | 2021 £ |
|-----------------------------------|-----------|-----------|
| Furniture, fittings and equipment | 14,354 | 38,597 |

The depreciation charge on leased assets recognised in profit and loss in the year was £4,785 (2021 - £12,866).

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2022

12 Investments in subsidiaries, joint ventures and associates

| | 2022 £ | 2021 £ |
|--|-----------|-----------|
| Investments in subsidiaries | 101 | 101 |
| Subsidiaries | | £ |
| Cost or valuation | | |
| At 1 January 2022 and 31 December 2021 | | 101 |
| Provision | | |
| At 1 January 2019 and 31 December 2022 | | - |
| Carrying amount | | |
| At 31 December 2022 | | 101 |
| At 31 December 2021 | | 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 | |
|----------------------------------|---|----------|---|------|
| | | | 2022 | 2021 |
| 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 2022

13 Other investments

| | Other investment £ | Total £ |
|-------------------------------------|--------------------------|------------|
| Non-current financial assets | | |
| Cost | | |
| At 1 January 2022 | 2,000 | 2,000 |
| At 31 December 2022 | 2,000 | 2,000 |
| Impairment | | |
| Other adjustments | 2,000 | 2,000 |
| At 31 December 2022 | 2,000 | 2,000 |
| Carrying amount | | |
| At 31 December 2022 | - | - |
| At 31 December 2021 | - | - |

14 Stocks

| | 2022 £ | 2021 £ |
|-------------------|-----------|-----------|
| Other inventories | 55,338 | 55,848 |

15 Debtors

| | 2022 £ | 2021 £ |
|---------------------------------------|-----------|-----------|
| Trade debtors | 325,003 | 765,101 |
| Amounts owed by related parties | 133,299 | 132,457 |
| Other debtors | - | 10,633 |
| Prepayments | 18,488 | 1,574 |
| Total current trade and other debtors | 476,790 | 909,765 |

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2022

16 Cash and cash equivalents

| | 2022 £ | 2021 £ |
|--------------|----------------|------------------|
| Cash on hand | 390 | 72 |
| Cash at bank | 406,630 | 1,013,288 |
| | <u>407,020</u> | <u>1,013,360</u> |

17 Creditors

| | Note | 2022 £ | 2021 £ |
|--|-----------|------------------|------------------|
| Due within one year | | | |
| Loans and borrowings | <u>18</u> | 241,434 | 262,233 |
| Payments on account | | 760,953 | 1,240,052 |
| Trade creditors | | 174,253 | 125,425 |
| Amounts due to group undertakings | | 1,923,915 | 1,296,442 |
| Corporation tax | <u>10</u> | - | 52,811 |
| Social security and other taxes | | 90,770 | 22,173 |
| Outstanding defined contribution pension costs | | 4,209 | 3,152 |
| Other creditors | | 16,504 | 261,242 |
| Accrued expenses | | 130,488 | 124,711 |
| | | <u>3,342,526</u> | <u>3,388,241</u> |
| Due after one year | | | |
| Loans and borrowings | <u>18</u> | <u>3,426,333</u> | <u>3,633,213</u> |

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2022

18 Loans and borrowings

| | 2022 £ | 2021 £ |
|---|------------------|------------------|
| Current loans and borrowings | | |
| Bank borrowings | 240,000 | 240,000 |
| Hire purchase contracts | 1,434 | 22,233 |
| | <u>241,434</u> | <u>262,233</u> |
| | | |
| | 2022 £ | 2021 £ |
| Non-current loans and borrowings | | |
| Bank borrowings | 3,426,333 | 3,631,333 |
| Hire purchase contracts | - | 1,880 |
| | <u>3,426,333</u> | <u>3,633,213</u> |

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

Bank borrowings

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 July 2020 the company entered into a Coronavirus Business Interruption Loan Agreement with its bankers, HSBC. The facility of £500,000 is subject to capital repayments for £8,333.53 after the first 12 months, with interest accruing at a rate of base plus 3.99%.

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2022

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 2022

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:

| | 2022 £ | 2021 £ |
|---|--------------|---------------|
| Not later than one year | 1,434 | 22,233 |
| Later than one year and not later than five years | - | 1,880 |
| | <u>1,434</u> | <u>24,113</u> |

20 Deferred tax and other provisions

| | Deferred tax £ | Total £ |
|--|-------------------|------------------|
| At 1 January 2022 | 731,489 | 731,489 |
| Increase (decrease) in existing provisions | <u>(148,412)</u> | <u>(148,412)</u> |
| At 31 December 2022 | <u>583,077</u> | <u>583,077</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 £19,073 (2021 - £15,062). Contributions totalling £4,209 (2021 - £3,152) were payable to the scheme at the end of the year and are included in creditors.

22 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £10,779 (2021 - £54,751).

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2022

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 (2021 - £nil) to the company, and has been repaid £nil (2021 - £nil).

During the year £95,100 has been converted to preference share capital within the parent company, Budock Vean Holdings Limited.

At the balance sheet date M E Barlow was due £nil (2021 - £95,100) from Budock Vean Hotel Limited.

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 (2021 - £4,500) to the company, and has been repaid £nil (2021 - £nil).

During the year £150,000 has been converted to preference share capital within the parent company, Budock Vean Holdings Limited.

At the balance sheet date E H Barlow was due £5,988 (2021 - £155,988) from Budock Vean Hotel Limited.

These have been converted to share capital after the year end.

24 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.

Budock Vean Hotel Limited

Notes to the Financial Statements

Year Ended 31 December 2022

25 Share capital

Allotted, called up and fully paid shares

| | 2022 | | 2021 | |
|----------------------------|---------|---------|---------|---------|
| | No. | £ | No. | £ |
| 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 |
| | 539,885 | 539,885 | 539,885 | 539,885 |

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.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.