

REGISTERED NUMBER: 01343600 (England and Wales)

Britannia Hotels Limited

Group Strategic Report, Report of the Directors and

Consolidated Financial Statements for the Year Ended 31 March 2020

WEDNESDAY



AA1F8NXM

A21

31/03/2021

#254

COMPANIES HOUSE

Contents of the Consolidated Financial Statements
for the Year Ended 31 March 2020

	Page
Company Information	1
Group Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	6
Consolidated Statement of Comprehensive Income	8
Consolidated Statement of Financial Position	9
Company Statement of Financial Position	10
Consolidated Statement of Changes in Equity	11
Company Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13
Notes to the Consolidated Financial Statements	14

Britannia Hotels Limited

Company Information
for the Year Ended 31 March 2020

Directors: R Ferrari
A Langsam

Secretary: R Ferrari

Registered office: Halecroft
253 Hale Road
Hale
Altrincham
Cheshire
WA15 8RE

Registered number: 01343600 (England and Wales)

Auditors: BDO LLP, Statutory Auditor
3 Hardman Street
Manchester
M3 3AT

Bankers: Royal Bank of Scotland
St Ann Square (B)
PO Box 320
St. Ann Street
Manchester
M60 2SS

The directors present their strategic report of the company and the group for the year ended 31 March 2020.

Strategy

The group aims to offer increasing levels of comfort and service whilst maintaining its highly competitive prices and reputation for good value.

Review of business

Turnover

Turnover is monitored in overall terms reflecting a mix of occupancy levels and average room rate.

Sales show growth of 4% (2019: 19%) for the year. This represents a creditable performance during a period of difficult trading conditions throughout the economy.

Gross profit

The gross margin achieved for the year equated to 61.9% (2019: 64.9%). Trading conditions show some signs of decline at selected locations. Our priority continually remains to maintain occupancy levels and manage operating costs so that the business is well placed to exploit further investment in new properties.

Operating costs

The Group's policy is to increase profitability via tightly controlled management of costs.

Principal risks and uncertainties

The hotel industry in the UK is becoming increasingly competitive and this brings an increased risk of losing major sales accounts to competitors. The group manages to control this risk by adding improved services whilst retaining highly competitive prices and maintaining good customer relationships. The group has no overseas operations.

Demand for hotel services can be affected by the general economic conditions in the country as well as the current restrictions placed on the hospitality industry by the impact of the Covid 19 pandemic. We will ensure that we retain the necessary flexibility on our prices in order to quickly respond to changing market conditions but also to allow us adapt and overcome the current industry restrictions. In addition, we will continue to employ tight controls on our costs, particularly labour costs, in order to ensure that the group maintains its competitive position.

Key performance indicators

The directors manage the group's operations by monitoring the above KPI's of turnover, gross profit and operating costs. It is believed that these KPI's are those most applicable in understanding the group as a whole's reported performance.

Future outlook

The directors recognise that the environment of increased competition in the UK hotel industry has placed additional demands on the business. To sustain and enhance our position in the market we have endeavoured to improve the standard of our product both in terms of facilities and levels of service. The directors recognise that economic conditions in the short term are likely to put strains upon the business and have carefully considered the availability of working capital and likely levels of trading over the next 12 months. They are confident that the business is well placed to meet the challenges including the uncertain outcome of Brexit and the restrictions placed on the industry by the Covid 19 pandemic.

Financial risk management objectives and policies

The financial instruments used by the group include bank loans and overdrafts, cash and items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

The main risks arising from the group's financial instruments are interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Interest rate risk

The group finances its operations through a mixture of retained profit, amounts owed to related parties and bank borrowings. It is the group's policy to undertake borrowings on variable interest rate facilities. The directors are confident that the overall resources of the organisation and its shareholders are sufficient to enable us to easily absorb any potential changes in interest rates.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Short-term flexibility is achieved by overdraft facilities.

The maturity of borrowings is set out in note 16 to the financial statements.

Credit risk

The group's principal financial assets are cash and trade debtors. The principal credit risk arises from the group's trade debtors. To manage credit risk, the directors enforce a rigorous system of third party credit references, constantly reviewed credit limits and uncompromising debt collection.

Section 172 Statement

As with all businesses over the past months the directors have spent a substantial amount of their time considering and putting into action strategies to adapt the organisation to the impact of the Covid 19 virus. Trading restriction necessary to stem the tide of the virus have limited opportunities to generate revenue industry wide and lead to difficulties in predicting the levels of business for the foreseeable future. The ability to adapt processes and operations has been key and the directors have responded by engaging with stakeholders at all levels to meet the demand for accommodation where permitted whilst ensuring a safe environment for employees and customers.

The director's strategy continues to be one of maintaining occupancy levels and minimising costs whilst delivering highly competitive prices to the consumer. During periods where restrictions have been in place in some locations this has meant provision of accommodation to Keyworkers and essential stays as well as contracts for accommodation where available. In comparison to meet the needs of customers during periods where restrictions have been or will be relaxed, the focus has been on creating a set of measures to maintain the safety of our guests and staff. The flexibility of the organisation to meet changing demands for accommodation as well as its ability to employ tight controls on our costs will be key to the long-term success of the business and benefit of its members as a whole.

The directors are responsible for the group strategy as well as monitoring and managing risk and internal controls throughout the organisation. The organisation has in place a robust standard of corporate governance further details of which are contained within the Report of the Directors.

As is stated in the report of the Directors the organisation strives to engage and consult with employees to provide a safe, equal opportunity working environment where they can thrive. A significant event affecting employees towards the end of March 2020 was the decision to place staff on furlough. Following the onset of the Covid 19 pandemic and the impact on the group and the wider economic environment, the directors agreed to take advantage of the government schemes available to them including placing staff on Furlough. This action helped to reduce costs to the business whilst minimising the impact on affected staff. During the current Covid 19 pandemic the safety of staff members across the organisation has been of increased importance. Additional staff training has been provided focused on measures designed to keep the hotels a safe and risk-free environment as well as investment in equipment to enable home working and minimise staff members on site.

The Directors recognise that as a large company it must not only consider the needs of direct stakeholders such as employees, customers and suppliers but also its impact of the environment and society as a whole. Our Energy and sustainability team focuses on reducing both water and energy consumption with initiatives like replacing existing lighting with low energy LEDs and remotely monitoring consumption of water electricity and gas across all the sites.

On behalf of the board:



R Ferrari - Director

Date: 30/03/21

Report of the Directors
for the Year Ended 31 March 2020

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2020.

The accounts are made up to the business year end date of 28 March 2020 (2019: 30 March 2019).

Results

The audited financial statements for the year ended 31 March 2020 are set out on pages 9 to 33. Total comprehensive income for the the year was £10,202,735 (2019- £15,656,449).

Dividends

No dividends will be distributed for the year ended 31 March 2020.

Directors

The directors shown below have held office during the whole of the period from 1 April 2019 to the date of this report.

R Ferrari
A Langsam

Employees

Details of employees and related costs can be found in note 4 to the financial statements.

The group's policies and practices are laid out in employees' contracts of employment. Regular meetings are held within the individual hotels with heads of departments and the resulting information is passed to all employees. The group makes every effort to provide the same opportunities to disabled persons as to others and does not discriminate between employees on the grounds of race, ethnic origin or sex. Equal opportunity is given to all job applicants.

Briefing and consultative procedures exist throughout the group to inform employees on all matters of concern to them and to provide opportunities for comment and discussion.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitude of the applicant concerned. In the event of any members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Going concern

The directors perform an annual review of the entity's ability to continue to operate as a going concern, taking into account expected cashflows and the ability to source funding from other group companies, controlling parties and external parties. The directors consider that the application of going concern is appropriate. On the balance of information above, the directors consider the application of going concern is appropriate. Britannia Hotels Limited has taken into account the impact of Covid 19 to the company in the next financial year and at least 12 months from the date of approval of these financial statements.

In March the company took steps to minimise risks and preserve cash by maintaining our usual tightly controlled management of costs alongside introducing various cash saving actions such as delaying capital expenditure and cutting all non-essential operating expenditure. During the periods of lockdown we have been restricted to servicing the needs of keyworkers, essential travel and available contracts for temporary accommodation.

The company is making use of the help provided by the Government such as the Job Retention Scheme, grants, deferral of tax liabilities with HMRC, twelve-month business rates holidays for the hospitality industry, a temporary reduction of VAT on accommodation and food and the Eat Out to Help Out scheme.

Report of the Directors
for the Year Ended 31 March 2020

Although the company is likely to incur losses during 2021, it has sufficient headroom on our banking facilities for at least the next 12 months from the date of approval of the balance sheet.

As a UK short stay operator the company is well-placed to benefit from the 2021 summer period due to the reluctance people may have to travel or from the imminent quarantine requirements and restrictions on non-essential foreign travel.

Statement of directors' responsibilities

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

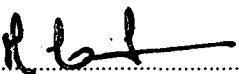
Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the 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 group's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and BDO LLP will therefore continue in office.

On behalf of the board:


.....
R Ferrari - Director

Date: 30/03/21

Independent auditor's report to the members of Britannia Hotels Limited

Opinion

We have audited the financial statements of Britannia Hotels Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changed in Equity, Consolidated Statement of Cash Flows 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 Group's and of the Parent Company's affairs as at 31 March 2020 and of the Group's 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.

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 group'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.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Strategic report and Report of the Directors, 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.

Report of the Independent Auditors to the Members of
Britannia Hotels Limited

Opinions on other matters 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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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 of the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities statement, 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 group's and the parent 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 group or the parent 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: <https://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.

BDO LLP

Gary Harding (Senior Statutory Auditor)
for and on behalf of BDO LLP, Statutory Auditor
3 Hardman Street
Manchester
M3 3AT

Date: 31 March 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

The notes on pages 14 to 32 form part of these financial statements

Britannia Hotels Limited

Consolidated Statement of Comprehensive Income
for the Year Ended 31 March 2020


	Notes	2020 £'000	2019 £'000
Turnover	3	120,460	115,433
Cost of sales		<u>(45,877)</u>	<u>(40,461)</u>
Gross profit		74,583	74,972
Administrative expenses		<u>(60,736)</u>	<u>(55,623)</u>
Operating profit	5	13,847	19,349
Interest receivable and similar income		<u>184</u>	<u>242</u>
		14,031	19,591
Interest payable and similar expenses	6	<u>(265)</u>	<u>(229)</u>
Profit before taxation		13,766	19,362
Tax on profit	7	<u>(3,564)</u>	<u>(3,706)</u>
Profit for the financial year		10,202	15,656
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>10,202</u>	<u>15,656</u>
Profit attributable to: Owners of the parent		<u>10,202</u>	<u>15,656</u>
Total comprehensive income attributable to: Owners of the parent		<u>10,202</u>	<u>15,656</u>

The notes on pages 14 to 32 form part of these financial statements

Consolidated Statement of Financial Position
31 March 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	9	9,078	10,168
Tangible assets	10	232,036	231,813
Investments	11	-	-
		<u>241,114</u>	<u>241,981</u>
Current assets			
Stocks	12	3,415	3,665
Debtors	13	8,795	9,022
Cash at bank and in hand		<u>35,193</u>	<u>32,686</u>
		47,403	45,373
Creditors			
Amounts falling due within one year	14	<u>(30,936)</u>	<u>(43,143)</u>
Net current assets		<u>16,467</u>	<u>2,230</u>
Total assets less current liabilities		257,581	244,211
Creditors			
Amounts falling due after more than one year	15	(36,927)	(36,938)
Provisions for liabilities	20	<u>(33,668)</u>	<u>(30,490)</u>
Net assets		<u>186,986</u>	<u>176,783</u>
Capital and reserves			
Called up share capital	21	30	30
Revaluation reserve	22	12,770	12,770
Other reserves	22	7,064	7,064
Retained earnings	22	<u>167,122</u>	<u>156,919</u>
Shareholders' funds		<u>186,986</u>	<u>176,783</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30/03/21 and were signed on its behalf by:



R Ferrari - Director

The notes on pages 14 to 32 form part of these financial statements

Company Statement of Financial Position

31 March 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	9	33	33
Tangible assets	10	193,145	193,141
Investments	11	<u>15,941</u>	<u>15,941</u>
		<u>209,119</u>	<u>209,115</u>
Current assets			
Stocks	12	3,138	3,303
Debtors	13	46,236	45,578
Cash at bank and in hand		<u>29,916</u>	<u>28,430</u>
		79,290	77,311
Creditors			
Amounts falling due within one year	14	<u>(63,921)</u>	<u>(76,793)</u>
Net current assets		<u>15,369</u>	<u>518</u>
Total assets less current liabilities		224,488	209,633
Creditors			
Amounts falling due after more than one year	15	(36,926)	(36,937)
Provisions for liabilities	20	<u>(33,938)</u>	<u>(30,846)</u>
Net assets		<u>153,624</u>	<u>141,850</u>
Capital and reserves			
Called up share capital	21	30	30
Revaluation reserve	22	15,910	15,910
Retained earnings	22	<u>137,684</u>	<u>125,910</u>
Shareholders' funds		<u>153,624</u>	<u>141,850</u>
Company's profit for the financial year		<u>11,774</u>	<u>51,774</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30/03/21 and were signed on its behalf by:



R Ferrari - Director

The notes on pages 14 to 32 form part of these financial statements

Britannia Hotels Limited

Consolidated Statement of Changes in Equity
for the Year Ended 31 March 2020

	Called up share capital £'000	Retained earnings £'000	Revaluation reserve £'000	Other reserves £'000	Total equity £'000
Balance at 1 April 2018	30	141,263	12,770	7,064	161,127
Changes in equity					
Total comprehensive income	-	15,656	-	-	15,656
Balance at 31 March 2019	30	156,919	12,770	7,064	176,783
Changes in equity					
Total comprehensive income	-	10,202	-	-	10,202
Balance at 31 March 2020	30	167,122	12,770	7,064	186,986

The notes on pages 14 to 32 form part of these financial statements

Britannia Hotels Limited

Company Statement of Changes in Equity
for the Year Ended 31 March 2020

	Called up share capital £'000	Retained earnings £'000	Revaluation reserve £'000	Total equity £'000
Balance at 1 April 2018	30	74,136	15,910	90,076
Changes in equity				
Total comprehensive income	-	51,774	-	51,774
Balance at 31 March 2019	30	125,910	15,910	141,850
Changes in equity				
Total comprehensive income	-	11,774	-	11,774
Balance at 31 March 2020	30	137,684	15,910	153,624

The notes on pages 14 to 32 form part of these financial statements

Britannia Hotels Limited

Consolidated Statement of Cash Flows
for the Year Ended 31 March 2020

	Notes	2020 £'000	2019 £'000
Cash flows from operating activities			
Cash generated from operations	26	7,056	63,725
Tax paid		<u>(3,227)</u>	<u>(5,054)</u>
Net cash from operating activities		<u>3,829</u>	<u>58,671</u>
 Cash flows from investing activities			
Investment in subsidiary		-	(34,633)
Purchase of tangible fixed assets		(267)	(23,907)
Sale of tangible fixed assets		-	5
Interest received		<u>184</u>	<u>242</u>
Net cash from investing activities		<u>(83)</u>	<u>(58,293)</u>
 Cash flows from financing activities			
Loan repayments in year		(963)	(1,261)
Interest paid		(265)	(229)
Amount withdrawn by directors		<u>(11)</u>	<u>(15,760)</u>
Net cash from financing activities		<u>(1,239)</u>	<u>(17,250)</u>
 Increase/(decrease) in cash and cash equivalents		<u>2,507</u>	<u>(16,872)</u>
Cash and cash equivalents at beginning of year	27	32,686	49,558
 Cash and cash equivalents at end of year	27	<u>35,193</u>	<u>32,686</u>

The notes on pages 14 to 32 form part of these financial statements

1. **STATUTORY INFORMATION**

Britannia Hotels Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The group and company's principal activities continue to be the operating of hotels and property development in the UK. It also sells conference room hire, banqueting functions and health club membership.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Basis of consolidation

The group financial statements consolidate the financial statements of Britannia Hotels Limited and its material subsidiary undertakings drawn up to the end of March each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Going concern

The directors perform an annual review of the entity's ability to continue to operate as a going concern, taking into account expected cashflows and the ability to source funding from other group companies, controlling parties and external parties. The directors consider that the application of going concern is appropriate. On the balance of information above, the directors consider the application of going concern is appropriate. Britannia Hotels Limited has taken into account the impact of Covid 19 to the company in the next financial year and at least 12 months from the date of approval of these financial statements.

In March the company took steps to minimise risks and preserve cash by maintaining our usual tightly controlled management of costs alongside introducing various cash saving actions such as delaying capital expenditure and cutting all non-essential operating expenditure. During the periods of lockdown we have been restricted to servicing the needs of keyworkers, essential travel and available contracts for temporary accommodation.

The company is making use of the help provided by the Government such as the Job Retention Scheme, grants, deferral of tax liabilities with HMRC, twelve-month business rates holidays for the hospitality industry, a temporary reduction of VAT on accommodation and food and the Eat Out to Help Out scheme.

Although the company is likely to incur losses during 2021, it has sufficient headroom on our banking facilities for at least the next 12 months from the date of approval of the balance sheet.

As a UK short stay operator the company is well-placed to benefit from the 2021 summer period due to the reluctance people may have to travel or from the imminent quarantine requirements and restrictions on non-essential foreign travel.

Significant judgements and estimates

Preparation of the financial statements require management to make significant judgements and estimates. The items in the financial statements where there are estimates and judgements made include:

- Insurance provisions - based on directors' best estimate
- Onerous lease provision - based on directors' best estimate
- Asbestos provision - based on estimates provided by third party contractors
- Useful economic lives and residual values of tangible fixed assets for depreciation

2. ACCOUNTING POLICIES - continued

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Turnover in respect of accommodation is recognised overnight during each night the customer stays whilst other sales, including bar sales, food sales, conference room hire and banqueting functions, are recognised at the point of purchase. Rental income, Health Club Membership and Management Service income are recognised in the period in which they are earned.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2019, is being amortised evenly over its estimated useful life of ten years.

The goodwill in the group accounts arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired has been capitalised and written off on a straight line basis over ten years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Tangible fixed assets are stated at cost or valuation net of depreciation and any provisions for impairment.

No depreciation is provided on freehold hotel properties or hotel properties with leases of twenty years or more to run at the balance sheet date or plant, machinery, fixtures and fittings. It is the group's practice to maintain these assets in a continual state of sound repair and to extend and make improvements thereto from time to time. Accordingly the directors consider that the lives of these assets are so long, and residual values (based on prices prevailing at the time of acquisition or subsequent valuation) are so high, that their depreciation is insignificant. Moreover, whilst the initial costs incurred on extensive repair and refurbishment programmes are capitalised, those in respect of items subsequently replaced are written off to the profit and loss account as incurred.

Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of assets over their expected useful lives as follows:

Motor vehicles	- 25% per annum reducing balance basis
Equipment	- 33% per annum straight line basis

Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment.

Stocks

Stocks including development properties held for resale, are stated at the lower of cost and net realisable value.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020

2. **ACCOUNTING POLICIES - continued**

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Chief rents

Chief rents created are capitalised on the basis of 3 - 5 times the annual amounts receivable. No amortisation is provided on chief rents capitalised, as the amount involved would not be significant.

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Long-term provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The present value of long-term provisions are determined by discounting the expected future cash flows at an appropriate pre-tax rate that reflects current market assessment of the time value of money and where appropriate, the risks specific to the liability.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using effective interest method.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020

2. ACCOUNTING POLICIES - continued

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	2020	2019
	£'000	£'000
Hoteliers	110,467	103,377
Hotel management services	9,810	11,554
Rental income	183	502
	<u>120,460</u>	<u>115,433</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020

4. EMPLOYEES AND DIRECTORS

	2020	2019
	£'000	£'000
Wages and salaries	35,566	32,511
Social security costs	2,041	1,811
Other pension costs	<u>487</u>	<u>316</u>
	<u>38,094</u>	<u>34,638</u>

The average number of employees during the year was as follows:

	2020	2019
Directors	2	2
Office and management	263	305
Direct workers	<u>2,475</u>	<u>2,553</u>
	<u>2,740</u>	<u>2,860</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 831 (2019 - 865).

	2020	2019
	£	£
Directors' remuneration	<u>230,658</u>	<u>230,658</u>

Information regarding the highest paid director is as follows:

	2020	2019
	£	£
Emoluments	<u>230,658</u>	<u>230,658</u>

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2020	2019
	£'000	£'000
Depreciation - owned assets	44	31
Profit on disposal of fixed assets	-	(1)
Goodwill amortisation	1,090	761
Auditors remuneration - for audit of these financial statements	65	59
Auditors remuneration - for audit of subsidiary financial statements	<u>10</u>	<u>17</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£'000	£'000
Bank loan interest	157	179
Interest payable	<u>108</u>	<u>50</u>
	<u>265</u>	<u>229</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020

7. **TAXATION**

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2020 £'000	2019 £'000
Current tax:		
UK corporation tax	2,208	2,862
Adjustment in respect of previous periods	-	(266)
Total current tax	<u>2,208</u>	<u>2,596</u>
Deferred tax:		
Origination and reversal of timing differences	1,602	996
Adjustment in respect of previous periods	(245)	219
Effect of changes in tax rates	(1)	(105)
Total deferred tax	<u>1,356</u>	<u>1,110</u>
Tax on profit	<u>3,564</u>	<u>3,706</u>

UK corporation tax has been charged at 19% (2019 - 19%).

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £'000	2019 £'000
Profit before tax	<u>13,766</u>	<u>19,362</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	2,616	3,679
Effects of:		
Expenses not deductible for tax purposes	242	222
Adjustments to tax charge in respect of previous periods	(233)	(47)
Gains/rollover relief	-	(43)
Tax rate changes recognised	939	(105)
Total tax charge	<u>3,564</u>	<u>3,706</u>

On 17 March 2020, the UK corporation tax rate prevailing after 1 April 2020 was amended to remain at 19% rather than reducing to 17.0% as previously enacted in the Finance Act 2016

8. **INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

The profit for the parent company was £11,774,000 (2019: £51,774,000).

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020

9. INTANGIBLE FIXED ASSETS

Group

	Goodwill £'000	Chief rents capitalised £'000	Totals £'000
Cost			
At 1 April 2019 and 31 March 2020	<u>10,896</u>	<u>33</u>	<u>10,929</u>
Amortisation			
At 1 April 2019	761	-	761
Amortisation for year	<u>1,090</u>	<u>-</u>	<u>1,090</u>
At 31 March 2020	<u>1,851</u>	<u>-</u>	<u>1,851</u>
Net book value			
At 31 March 2020	<u>9,045</u>	<u>33</u>	<u>9,078</u>
At 31 March 2019	<u>10,135</u>	<u>33</u>	<u>10,168</u>

Company

	Chief rents capitalised £'000
Cost	
At 1 April 2019 and 31 March 2020	<u>33</u>
Net book value	
At 31 March 2020	<u>33</u>
At 31 March 2019	<u>33</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020

10. TANGIBLE FIXED ASSETS

Group

	Freehold land and buildings £'000	Leasehold improvements £'000	Long leasehold land and buildings £'000	Plant and machinery £'000
Cost				
At 1 April 2019	130,183	358	55,208	25,125
Additions	231	-	-	-
At 31 March 2020	<u>130,414</u>	<u>358</u>	<u>55,208</u>	<u>25,125</u>
Depreciation				
At 1 April 2019	9,040	-	18	-
Charge for year	-	-	9	-
At 31 March 2020	<u>9,040</u>	<u>-</u>	<u>27</u>	<u>-</u>
Net book value				
At 31 March 2020	<u>121,374</u>	<u>358</u>	<u>55,181</u>	<u>25,125</u>
At 31 March 2019	<u>121,143</u>	<u>358</u>	<u>55,190</u>	<u>25,125</u>
	Fixtures and fittings £'000	Motor vehicles £'000	Equipment £'000	Totals £'000
Cost				
At 1 April 2019	30,215	103	63	241,255
Additions	-	14	22	267
At 31 March 2020	<u>30,215</u>	<u>117</u>	<u>85</u>	<u>241,522</u>
Depreciation				
At 1 April 2019	289	69	26	9,442
Charge for year	-	12	23	44
At 31 March 2020	<u>289</u>	<u>81</u>	<u>49</u>	<u>9,486</u>
Net book value				
At 31 March 2020	<u>29,926</u>	<u>36</u>	<u>36</u>	<u>232,036</u>
At 31 March 2019	<u>29,926</u>	<u>34</u>	<u>37</u>	<u>231,813</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020

10. TANGIBLE FIXED ASSETS - continued

Company

	Freehold land and buildings £'000	Long leasehold land and buildings £'000	Plant and machinery £'000
Cost			
At 1 April 2019	98,614	53,502	20,384
Additions	-	-	-
At 31 March 2020	<u>98,614</u>	<u>53,502</u>	<u>20,384</u>
Depreciation			
At 1 April 2019	4,000	-	-
Charge for year	-	-	-
At 31 March 2020	<u>4,000</u>	<u>-</u>	<u>-</u>
Net book value			
At 31 March 2020	<u>94,614</u>	<u>53,502</u>	<u>20,384</u>
At 31 March 2019	<u>94,614</u>	<u>53,502</u>	<u>20,384</u>

	Fixtures and fittings £'000	Motor vehicles £'000	Equipment £'000	Totals £'000
Cost				
At 1 April 2019	24,591	83	60	197,234
Additions	-	14	18	32
At 31 March 2020	<u>24,591</u>	<u>97</u>	<u>78</u>	<u>197,266</u>
Depreciation				
At 1 April 2019	-	68	25	4,093
Charge for year	-	7	21	28
At 31 March 2020	<u>-</u>	<u>75</u>	<u>46</u>	<u>4,121</u>
Net book value				
At 31 March 2020	<u>24,591</u>	<u>22</u>	<u>32</u>	<u>193,145</u>
At 31 March 2019	<u>24,591</u>	<u>15</u>	<u>35</u>	<u>193,141</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020

11. **FIXED ASSET INVESTMENTS**

Company	Investments £'000
Cost	
At 1 April 2019 and 31 March 2020	<u>15,941</u>
Net book value	
At 31 March 2020	<u>15,941</u>
At 31 March 2019	<u>15,941</u>

The parent company has investments in the following subsidiary undertakings which principally affected the results or net assets of the group.

	Country of incorporation or principal business address	Principal activity	Holding of ordinary shares %
Ambassador Hotels (Bournemouth) Limited	England and Wales	Holding company	100
Ambassador (East Cliff) Limited	England and Wales	Hoteliers	100
Britannia Centre Limited	England and Wales	Dormant	100
Britannia Adelphi Hotel Limited	England and Wales	Dormant	100
Gold Diamond D Hollins Hall 2005 Ltd	British Virgin Island	Hoteliers	100
Gold Diamond D Newcastle Gosforth Park 2005 Ltd	British Virgin Island	Hoteliers	100
Gold Diamond D Meon Valley 2005 Ltd	British Virgin Island	Hoteliers	100
Gold Diamond D Sprowston Manor 2005 Ltd	British Virgin Island	Hoteliers	100
Gold Diamond D Sunderland 2005 Ltd	British Virgin Island	Hoteliers	100

All of the subsidiaries are directly owned by Britannia Hotels Limited, apart from Ambassador (East Cliff) Limited. Britannia Hotels Limited has a direct holding of 5% in Ambassador (East Cliff) Limited and an indirect holding of 100% by virtue of the fact that Ambassador Hotels (Bournemouth) Limited holds the other 95%. The registered address for these subsidiaries is: 253 Hale Road, Hale, Altrincham, WA15 8RE

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020

12. STOCKS

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Development properties	2,572	2,572	2,572	2,572
Wet stocks	541	591	428	453
Food stocks	189	387	138	275
Other	113	115	-	3
	<u>3,415</u>	<u>3,665</u>	<u>3,138</u>	<u>3,303</u>

Stock recognised in group cost of sales during the year as an expense was £9,335,000 (2019: £10,590,000). An impairment loss of £nil (2019: £nil) was recognised in cost of sales against stock during the year due to slow moving and obsolete stock.

13. DEBTORS

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	658	1,515	499	1,167
Amounts owed by group undertakings	-	-	16,475	17,699
Other debtors	7,104	6,526	6,470	6,004
Called up share capital not paid	5	5	4	4
Prepayments and accrued income	<u>1,028</u>	<u>976</u>	<u>832</u>	<u>698</u>
	<u>8,795</u>	<u>9,022</u>	<u>24,280</u>	<u>25,572</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	<u>-</u>	<u>-</u>	<u>21,956</u>	<u>20,006</u>
Aggregate amounts	<u>8,795</u>	<u>9,022</u>	<u>46,236</u>	<u>45,578</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (see note 16)	1,400	2,363	1,400	2,363
Trade creditors	914	1,625	597	1,192
Amounts owed to group undertakings	-	-	37,989	37,989
Tax	(112)	907	(34)	986
Social security and other taxes	781	728	617	393
VAT	1,270	2,108	1,270	2,108
Other creditors	13,001	21,390	9,814	19,116
Accrued expenses	<u>13,682</u>	<u>14,022</u>	<u>12,268</u>	<u>12,646</u>
	<u>30,936</u>	<u>43,143</u>	<u>63,921</u>	<u>76,793</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Bank loans (see note 16)	5,250	5,250	5,250	5,250
Directors' loan accounts	<u>31,677</u>	<u>31,688</u>	<u>31,676</u>	<u>31,687</u>
	<u>36,927</u>	<u>36,938</u>	<u>36,926</u>	<u>36,937</u>

16. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Amounts falling due within one year or on demand:				
Bank loans	<u>1,400</u>	<u>2,363</u>	<u>1,400</u>	<u>2,363</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>1,400</u>	<u>1,400</u>	<u>1,400</u>	<u>1,400</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>3,850</u>	<u>3,850</u>	<u>3,850</u>	<u>3,850</u>

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	2020	2019
	£'000	£'000
Within one year	1,340	1,265
Between one and five years	5,361	5,361
In more than five years	<u>103,965</u>	<u>105,306</u>
	<u>110,666</u>	<u>111,932</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020

18. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2020	2019
	£'000	£'000
Bank loans	<u>6,650</u>	<u>7,613</u>

A bank loan with Svenska Handelsbanken of £Nil (2019 - £575,428) was secured by a fixed charge on the Company's Bosworth Hall Hotel. The interest rate on the loan is linked to the base rate and will incur interest at 0.75% above base rate.

A bank loan with Svenska Handelsbanken of £Nil (2019 - £387,091) was secured by a fixed charge on the Company's Airport Inn Manchester. The interest rate on the loan is linked to the base rate and will incur interest at 0.75% above base rate.

A bank loan with Royal Bank of Scotland of £6,650,000 (2019 - £6,650,000) was secured by a fixed charge on the assets of the Company and on those of Britannia Adelphi Hotel Limited. The interest rate on the loan is linked to the London Inter-Bank Offer rate.

19. FINANCIAL INSTRUMENTS

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Financial assets measured at amortised cost through profit or loss	35,701	34,201	36,314	29,597
Financial assets that are debt instruments at amortised cost	6,684	6,531	38,431	43,712
Financial liabilities measured at amortised cost	65,924	76,338	98,569	110,243

Financial assets measured at amortised cost comprise of cash and debtors. Financial liabilities measured at amortised cost comprise of loans and creditors.

20. PROVISIONS FOR LIABILITIES

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Deferred tax	<u>9,573</u>	<u>8,217</u>	<u>9,843</u>	<u>8,573</u>
Other provisions				
Onerous lease	<u>24,095</u>	<u>22,273</u>	<u>24,095</u>	<u>22,273</u>
Aggregate amounts	<u>33,668</u>	<u>30,490</u>	<u>33,938</u>	<u>30,846</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020

20. **PROVISIONS FOR LIABILITIES - continued**

Group

	Deferred tax £'000	Other provisions £'000
Balance at 1 April 2019	8,217	22,273
Provided during year	<u>1,356</u>	<u>1,822</u>
Balance at 31 March 2020	<u>9,573</u>	<u>24,095</u>

Company

	Deferred tax £'000	Other provisions £'000
Balance at 1 April 2019	8,573	22,273
Provided during year	<u>1,270</u>	<u>1,822</u>
Balance at 31 March 2020	<u>9,843</u>	<u>24,095</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020

20. PROVISIONS FOR LIABILITIES - continued

	2020 £'000	2019 £'000
Fixed asset timing differences	10,074	8,443
Short term timing differences	(376)	(334)
Losses	(125)	(112)
Revaluations/fair value adjustments	<u>-</u>	<u>220</u>
	<u>9,573</u>	<u>8,217</u>
	2020 £'000	2019 £'000
Deferred tax liabilities		
Payable after 12 months	<u>10,837</u>	<u>9,638</u>
	<u>10,837</u>	<u>9,638</u>
	2020 £'000	2019 £'000
Deferred tax (assets)		
Recoverable within 12 months	(3)	(919)
Recoverable after 12 months	<u>(1,261)</u>	<u>(502)</u>
	<u>(1,264)</u>	<u>(1,421)</u>

Other Provisions

The onerous lease provision of £24m is calculated based on expected future cash flows discounted at an average rate of 2.88%. The onerous lease provision is sensitive to the discount rate. If the discount rate was increased by 1% to 3.88% the provision would decrease to £18m; if the discount rate was reduced by 1% to 1.88% the provision would increase to £33m.

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2020	2019
Number:	Class:		£'000	£'000
30,103	Ordinary shares	1	<u>30</u>	<u>30</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020

22. RESERVES

Group	Retained earnings £'000	Revaluation reserve £'000	Other reserves £'000	Totals £'000
At 1 April 2019	156,919	12,770	7,064	176,753
Profit for the year	<u>10,202</u>			<u>10,202</u>
At 31 March 2020	<u>167,122</u>	<u>12,770</u>	<u>7,064</u>	<u>186,956</u>

Company	Retained earnings £'000	Revaluation reserve £'000	Totals £'000
At 1 April 2019	125,910	15,910	141,820
Profit for the year	<u>11,774</u>		<u>11,774</u>
At 31 March 2020	<u>137,684</u>	<u>15,910</u>	<u>153,594</u>

Retained earnings included all current and prior year retained profit and losses.

Called up share capital represents the nominal value of shares that have been issued.

Revaluation reserve represents the increase in the fair value of properties.

Other reserve represents the acquisition of two entities in a share for share exchange on 1 April 2009.

23. CAPITAL COMMITMENTS

	2020 £'000	2019 £'000
Contracted but not provided for in the financial statements	<u>-</u>	<u>-</u>

There were no capital commitments at 31 March 2020 or 31 March 2019.

24. RELATED PARTY DISCLOSURES

During the year, the group entered into transactions with various businesses in which the shareholders, A. Langsam and Hawksford Trust Company Jersey Limited as trustee of The Moravcik Trust and/or directors, are materially interested as detailed below:

Business	Nature of entity	Interest as proprietors
A Langsam Hoteliers	Sole Trader	A. Langsam
A. Langsam Estate Agents	Sole Trader	A. Langsam
Company	Nature of entity	Interested as shareholder/member
Britannia Jinky Jersey Limited	Limited Company	A. Langsam
Britannia Hotels (Fylde) Limited	Limited Company	A. Langsam
Britannia Hotels Payroll Limited	Limited Company	A. Langsam
St Peter's Court (Bosworth) Flat Management Company Limited	Limited Company	A. Langsam
Britannia Hotels No.2 Limited	Limited Company	A. Langsam

Included in other debtors and (creditors) are the following balances:

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
A. Langsam - Hoteliers	2,768	4,896	2,765	4,903
A. Langsam Estate Agents	690	690	690	690
St Peter's Court (Bosworth) Flat Management Company Limited	4	5	4	5
Britannia Jinky Jersey Limited	158	(29)	158	(29)
Britannia Hotels (Fylde) Limited	1,871	115	1,871	115
Britannia Hotels Payroll Limited	539	5,73	538	573
Britannia Hotels No.2 Limited	<u>(11,710)</u>	<u>(19,573)</u>	<u>(8,812)</u>	<u>(17,351)</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020

RELATED PARTY DISCLOSURES - continued

During the year the group had the following transactions with related parties:

Entity	2020		2019	
	Charged to/(by)		Charged to/(by)	
	£'000	£'000	£'000	£'000
A Langsam Hoteliers	715	(18)	430	(141)
Britannia Jinky Jersey Limited	152	(13)	9,968	(4,358)
Britannia Hotels (Fylde) Limited	691	(25)	464	(52)
Britannia Hotels No.2 Limited	11,679	(25,475)	3,050	(19,886)
Britannia Hotels Payroll Limited	3,248	(85)	3,050	(210)

During the year the company had the following transactions with related parties:

Entity	2020		2019	
	Charged to/(by)		Charged to/(by)	
	£'000	£'000	£'000	£'000
A Langsam Hoteliers	715	(18)	430	(136)
Britannia Jinky Jersey Limited	152	(13)	9,968	(4,358)
Britannia Hotels (Fylde) Limited	691	(25)	464	(52)
Britannia Hotels No.2 Limited	11,121	(19,483)	6,952	(16,202)
Britannia Hotels Payroll Limited	3,240	(75)	3,044	(204)

Other movements in the balances shown above relate to their settlement in the year. Transactions with related parties are presented on a net basis where they relate to transactions that are similar in nature.

Management determine that key management personnel are the directors of the Company whose remuneration is disclosed in note 4.

25. ULTIMATE CONTROLLING PARTY

The ultimate controlling parties are A. Langsam and Hawksford Trust Company Jersey Limited as trustee of The Moravcik Trust by virtue of their shareholdings in the company.

26. RECONCILIATION OF PROFIT FOR THE FINANCIAL YEAR TO CASH GENERATED FROM OPERATIONS

	2020	2019
	£'000	£'000
Profit for the financial year	10,202	15,656
Depreciation and amortisation charges	1,134	792
Profit on disposal of fixed assets	-	(1)
Finance costs	265	229
Finance income	(184)	(242)
Taxation	3,564	3,706
	14,981	20,140
Decrease in stocks	250	8
Decrease in trade and other debtors	228	39,587
(Decrease)/increase in trade and other creditors	(8,403)	3,990
Cash generated from operations	7,056	63,725

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020**

27. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 March 2020

	31/3/20 £'000	1/4/19 £'000
Cash and cash equivalents	<u>35,193</u>	<u>32,686</u>

Year ended 31 March 2019

	31/3/19 £'000	1/4/18 £'000
Cash and cash equivalents	<u>32,686</u>	<u>49,558</u>

28. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/4/19 £'000	Cash flow £'000	At 31/3/20 £'000
Net cash			
Cash at bank and in hand	<u>32,686</u>	<u>2,507</u>	<u>35,193</u>
	<u>32,686</u>	<u>2,507</u>	<u>35,193</u>
Debt			
Debts falling due within 1 year	(2,363)	963	(1,400)
Debts falling due after 1 year	<u>(5,250)</u>	<u>-</u>	<u>(5,250)</u>
	<u>(7,613)</u>	<u>963</u>	<u>(6,650)</u>
Total	<u>25,073</u>	<u>3,470</u>	<u>28,543</u>