

Company registration number 03707886 (England and Wales)

**THE ARDEN HOTEL LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

# THE ARDEN HOTEL LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr J E Gardner Mr S J M Gardner Mr D J Gardner Mrs R M Gardner
<b>Secretary</b>	Mr D J Gardner
<b>Company number</b>	03707886
<b>Registered office</b>	Arden Hotel & Leisure Club Coventry Road Bickenhill Solihull West Midlands UK B92 0EH
<b>Auditor</b>	DKR Audit Services Ltd 36 Lichfield Street Walsall West Midlands UK WS1 1TJ
<b>Bankers</b>	Barclays Bank Plc One Snowhill Snow Hill Queensway Birmingham West Midlands B4 6GN
<b>Solicitors</b>	Squire Sanders (UK) LLP Rutland House 148 Edmund Street Birmingham West Midlands B3 2JR

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# THE ARDEN HOTEL LIMITED

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# THE ARDEN HOTEL LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 30 JUNE 2022

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The directors present the strategic report for the year ended 30 June 2022.

#### **Fair review of the business**

The turnover for the year consists primarily from the sale of accommodation and sale of food and beverage within the Hotel industry. The statement of comprehensive income shows turnover for the year of £5,320,837 (2021: £959,254) and profit before tax for the year of £1,286,956 (2021: Loss of £957,735).

Turnover has increased by 455%, with a slight fall in gross profit margin from 89.2% in 2021 to 88.8% in 2022. Gross margin has fallen by 0.4% but GP% has still been maintained at a higher level when compared to previous years and in particular before the COVID pandemic started. The profit before tax for year ended 30 June 2022 has resulted in an exceptional year and this is primarily due to the VAT rate being reduced to 5% before being increased to the standard rate of 20% from the 1 April 2022 in the hospitality sector.

The balance sheet continues to strengthen showing net assets of showing a net asset position of £2.73m (2021: £2.19m).

The company has performed financially, operational and strategically in line with management expectations for the year ended 30 June 2022 and the directors plan to maintain these standards of performance going forward. The directors are satisfied with the company's performance to date.

Employee turnover and attendance has maintained consistent and positive performance, as in previous years.

#### **Principal risks and uncertainties**

Risk management is overseen by the board of directors and is constantly reviewed to comply with statutory regulations and best practice.

The principal general economic risks continue to be the impact of Brexit, Coronavirus and the stability of travel companies with whom the company take bookings, wage legislation, availability of hotel staff and duties on food and drinks. The principal IT risks include online presence and the security of guest information.

The directors believe that the hotel has little exposure in relation to credit, cashflow, interest rate and liquidity risk. It shares similar competitive risks to other hotels in the area who suffer price fluctuations caused by variations in demand stimulated by local events and flight patterns at the local airport.

#### **Key performance indicators**

Key performance indicators include the monitoring and the management of profitability and working capital.

Turnover - £5,320,837 (2021: £959,254)

Gross profit - £4,723,614 (2021: £855,781)

GP% - 88.8% (2021: 89.21%)

Profit/(Loss) before tax - £1,286,956 (2021: (£957,735))

Any comparative review with the previous period will not yield any meaningful comparisons with 2021 due to the scale of impact of the COVID pandemic.

On behalf of the board

Mr D J Gardner  
**Director**

27 January 2023

# THE ARDEN HOTEL LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 JUNE 2022

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The directors present their annual report and financial statements for the year ended 30 June 2022.

#### Principal activities

The principal activity of the company continued to be that of hotel, restaurant and leisure club.

#### Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £480,000. The directors do not recommend payment of a further dividend.

Non equity dividends on Redeemable Preference £1 shares accrue on a daily basis.

During the year to 30 June 2022, interim dividends on the Redeemable Preference £1 shares have been paid quarterly on 30 September 2021, 31 December 2021 and 31 March 2022 totalling £4,528.37, with £3,417 reserved for the final dividend which was unpaid as at 30 June 2022. Also, during the year the dividends on amounts due for the quarter to 30 June were paid.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J E Gardner  
Mr S J M Gardner  
Mr D J Gardner  
Mr P L Bretherton  
Mrs R M Gardner

(Deceased 24 April 2022)

#### Financial instruments

##### *Liquidity risk*

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

##### *Interest Risk*

The company is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans. The company uses interest rate derivatives to manage the mix of fixed and variable rate debt so as to reduce its exposure to changes in interest rates.

##### *Credit risk*

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

##### *Future developments*

Details concerning the company's future developments can be found in the Strategic Report on page 1. These form part of this report by way of cross-reference.

#### Auditor

The auditor, DKR Audit Services Ltd, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

# THE ARDEN HOTEL LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 JUNE 2022**

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### Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

### Strategic Report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments and financial instruments.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

### Coronavirus

The directors have considered and monitored the impact of Coronavirus since its outbreak in 2020. This has been undertaken through a review of costs and overheads allowing the company to trade as efficiently as possible. The directors remain very confident of their ability to manage the company.

On behalf of the board

Mr D J Gardner  
Director

27 January 2023

# THE ARDEN HOTEL LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF THE ARDEN HOTEL LIMITED

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#### Opinion

We have audited the financial statements of The Arden Hotel Limited (the 'company') for the year ended 30 June 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including 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 30 June 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

#### Opinions on other matters prescribed by the Companies Act 2006

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

# THE ARDEN HOTEL LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF THE ARDEN HOTEL LIMITED

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#### Matters on which we are required to report by exception

In the light of the 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 or the directors' report.

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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### Responsibilities of directors

As explained more fully in the 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

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

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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the hotel and hospitality sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including legislation such as the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.



# THE ARDEN HOTEL LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF THE ARDEN HOTEL LIMITED

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To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions; and
- testing of the recoverable value of trade debtors and the estimate of commissions payable within accruals. These are areas requiring some level of management judgement and could be susceptible to management bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with HMRC, relevant regulators [including wedding licence, motion picture licence and PRS licence].

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available 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.

**Babar Mahmood BA (Hons) ACA**  
**Senior Statutory Auditor**  
**For and on behalf of DKR Audit Services Ltd**

27 January 2023

**Chartered Accountants**  
**Statutory Auditor**

36 Lichfield Street  
Walsall  
West Midlands  
UK  
WS1 1TJ

# THE ARDEN HOTEL LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 £	2021 £
<b>Turnover</b>	<b>3</b>	5,320,837	959,254
Cost of sales		(597,223)	(103,473)
<b>Gross profit</b>		4,723,614	855,781
Administrative expenses		(3,424,858)	(2,548,405)
Other operating income		130,291	800,630
<b>Operating profit/(loss)</b>	<b>4</b>	1,429,047	(891,994)
Interest receivable and similar income	<b>7</b>	935	82
Interest payable and similar expenses	<b>8</b>	(143,026)	(65,823)
<b>Profit/(loss) before taxation</b>		1,286,956	(957,735)
Tax on profit/(loss)	<b>9</b>	(275,233)	151,382
<b>Profit/(loss) for the financial year</b>		1,011,723	(806,353)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# THE ARDEN HOTEL LIMITED

## BALANCE SHEET

AS AT 30 JUNE 2022

		2022		2021	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	11	6,335,220		6,555,030	
Investments	12	50,000		50,000	
		<u>6,385,220</u>		<u>6,605,030</u>	
<b>Current assets</b>					
Stocks	15	24,444		13,780	
Debtors	16	338,668		132,143	
Cash at bank and in hand		985,848		1,035,224	
		<u>1,348,960</u>		<u>1,181,147</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>(1,669,715)</u>		<u>(785,079)</u>	
<b>Net current (liabilities)/assets</b>			(320,755)		396,068
<b>Total assets less current liabilities</b>			<u>6,064,465</u>		<u>7,001,098</u>
<b>Creditors: amounts falling due after more than one year</b>	18		(3,326,883)		(4,784,042)
<b>Provisions for liabilities</b>					
Deferred tax liability	20	12,986		24,183	
		<u>(12,986)</u>		<u>(24,183)</u>	
<b>Net assets</b>			<u>2,724,596</u>		<u>2,192,873</u>
<b>Capital and reserves</b>					
Called up share capital	22	23,920		23,920	
Capital redemption reserve		5,980		5,980	
Profit and loss reserves		2,694,696		2,162,973	
<b>Total equity</b>			<u>2,724,596</u>		<u>2,192,873</u>

The financial statements were approved by the board of directors and authorised for issue on 27 January 2023 and are signed on its behalf by:

Mr D J Gardner  
Director

Company Registration No. 03707886

# THE ARDEN HOTEL LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 July 2020</b>		23,920	5,980	2,969,326	2,999,226
<b>Year ended 30 June 2021:</b>					
Loss and total comprehensive income for the year		-	-	(806,353)	(806,353)
<b>Balance at 30 June 2021</b>		23,920	5,980	2,162,973	2,192,873
<b>Year ended 30 June 2022:</b>					
Profit and total comprehensive income for the year		-	-	1,011,723	1,011,723
Dividends	10	-	-	(480,000)	(480,000)
<b>Balance at 30 June 2022</b>		23,920	5,980	2,694,696	2,724,596

# THE ARDEN HOTEL LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	24		1,747,354		(592,941)
Interest paid			(143,026)		(65,823)
Income taxes paid			(21,335)		(256,590)
<b>Net cash inflow/(outflow) from operating activities</b>			<u>1,582,993</u>		<u>(915,354)</u>
<b>Investing activities</b>					
Purchase of tangible fixed assets		(12,812)		(8,000)	
Interest received		935		82	
<b>Net cash used in investing activities</b>			<u>(11,877)</u>		<u>(7,918)</u>
<b>Financing activities</b>					
Proceeds from new bank loans		-		3,156,584	
Repayment of bank loans		(1,540,492)		(1,686,667)	
Dividends paid		(80,000)		-	
<b>Net cash (used in)/generated from financing activities</b>			<u>(1,620,492)</u>		<u>1,469,917</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>			<u>(49,376)</u>		<u>546,645</u>
Cash and cash equivalents at beginning of year			<u>1,035,224</u>		<u>488,579</u>
<b>Cash and cash equivalents at end of year</b>			<u><u>985,848</u></u>		<u><u>1,035,224</u></u>

# THE ARDEN HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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### 1 Accounting policies

#### Company information

The Arden Hotel Limited is a private company limited by shares incorporated in England and Wales. The registered office is Arden Hotel & Leisure Club, Coventry Road, Bickenhill, Solihull, West Midlands, UK, B92 0EH.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

##### *Sale of accommodation*

The contract to provide accommodation is established when the customer books accommodation. The performance obligation is to provide the right to use accommodation for a given number of nights, and the transaction price is the room rate for each night determined at the time of the booking. The performance obligation is met when the customer is given the right to use the accommodation and so revenue is recognised for each night as it takes place at the room rate for that night.

Customers may pay in advance for accommodation. In this case the company has received consideration for services not yet provided. This is treated as a contract liability until the performance obligation is met.

##### *Sale of food and beverage*

The contract is established when the customer orders the food or beverage item and the performance obligation is the provision of food and beverage by the outlet. The performance obligation is satisfied when the food and beverage is delivered to the customer, and revenue is recognised at this point at the price for the items purchased. Payment is made on the same day and consequently there are no contract assets or liabilities.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

# THE ARDEN HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% straight line
Fixtures and fittings	25% straight line and 15% reducing balance
Computers	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

# THE ARDEN HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 1 Accounting policies

(Continued)

#### 1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.



# THE ARDEN HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 1 Accounting policies

(Continued)

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

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

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

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

# THE ARDEN HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 1 Accounting policies

(Continued)

#### *Derecognition of financial liabilities*

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### 1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# THE ARDEN HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 1 Accounting policies

(Continued)

#### 1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

#### Impairment of debtors

The company makes an estimate of the recoverable value of trade debtors. When assessing impairment of trade debtors, management considers factors including the current credit rating of the debtor, the aging profile of debtors and historical experience.

#### Commissions

The company makes an estimate of the payable value within accruals. When assessing the estimate of commissions payable, management considers factors including the due date of commissions payable, the credit terms of the suppliers and historical experience of the suppliers.

### 3 Turnover and other revenue

	2022	2021
	£	£
<b>Turnover analysed by class of business</b>		
Hospitality & leisure services	5,320,837	959,254
	<u>5,320,837</u>	<u>959,254</u>
	2022	2021
	£	£
<b>Turnover analysed by geographical market</b>		
United Kingdom	5,320,837	959,254
	<u>5,320,837</u>	<u>959,254</u>

# THE ARDEN HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 3 Turnover and other revenue (Continued)

	2022	2021
	£	£
<b>Other revenue</b>		
Interest income	935	82
Grants received	130,291	800,630
	<u>130,291</u>	<u>800,630</u>

### 4 Operating profit/(loss)

	2022	2021
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Government grants	(130,291)	(800,630)
Fees payable to the company's auditor for the audit of the company's financial statements	6,500	5,900
Depreciation of owned tangible fixed assets	232,622	242,871
	<u>232,622</u>	<u>242,871</u>

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022	2021
	Number	Number
Management and Administration	2	2
Restuarant and hotel staff	99	100
	<u>101</u>	<u>102</u>
Total	<u>101</u>	<u>102</u>

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	1,505,258	1,501,699
Social security costs	100,577	90,233
Pension costs	28,736	27,147
	<u>1,634,571</u>	<u>1,619,079</u>
Redundancy payments made or committed	-	66,558
	<u>-</u>	<u>66,558</u>

# THE ARDEN HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 6 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	171,824	145,618
Company pension contributions to defined contribution schemes	7,040	7,605
	<u>178,864</u>	<u>153,223</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2021 - 2).

### 7 Interest receivable and similar income

	2022 £	2021 £
<b>Interest income</b>		
Interest on bank deposits	935	82
	<u>935</u>	<u>82</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	935	82
	<u>935</u>	<u>82</u>

### 8 Interest payable and similar expenses

	2022 £	2021 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	127,338	30,295
Dividends on redeemable preference shares not classified as equity	7,945	3,533
	<u>135,283</u>	<u>33,828</u>
<b>Other finance costs:</b>		
Other interest	7,743	31,995
	<u>143,026</u>	<u>65,823</u>

### 9 Taxation

	2022 £	2021 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	286,430	-
Adjustments in respect of prior periods	-	(137,463)
	<u>286,430</u>	<u>(137,463)</u>
Total current tax	<u>286,430</u>	<u>(137,463)</u>

# THE ARDEN HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

9 Taxation		(Continued)	
	2022	2021	
	£	£	
<b>Deferred tax</b>			
Origination and reversal of timing differences	(11,197)	(13,919)	
	<u>          </u>	<u>          </u>	
Total tax charge/(credit)	275,233	(151,382)	
	<u>          </u>	<u>          </u>	
The actual charge/(credit) for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:			
	2022	2021	
	£	£	
Profit/(loss) before taxation	1,286,956	(957,735)	
	<u>          </u>	<u>          </u>	
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	244,522	(181,970)	
Tax effect of expenses that are not deductible in determining taxable profit	1,510	656	
Depreciation in excess of capital allowances	40,398	43,851	
Movement on deferred tax	(11,197)	(13,919)	
	<u>          </u>	<u>          </u>	
Taxation charge/(credit) for the year	275,233	(151,382)	
	<u>          </u>	<u>          </u>	
10 Dividends			
	2022	2021	
	£	£	
Final paid	400,000	-	
Interim paid	80,000	-	
	<u>          </u>	<u>          </u>	
	480,000	-	
	<u>          </u>	<u>          </u>	

# THE ARDEN HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 11 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Computers £	Total £
<b>Cost</b>				
At 1 July 2021	11,276,905	2,926,534	256,971	14,460,410
Additions	-	12,812	-	12,812
At 30 June 2022	11,276,905	2,939,346	256,971	14,473,222
<b>Depreciation and impairment</b>				
At 1 July 2021	4,867,728	2,799,391	238,261	7,905,380
Depreciation charged in the year	157,537	62,466	12,619	232,622
At 30 June 2022	5,025,265	2,861,857	250,880	8,138,002
<b>Carrying amount</b>				
At 30 June 2022	6,251,640	77,489	6,091	6,335,220
At 30 June 2021	6,409,177	127,143	18,710	6,555,030

Freehold land and buildings with a carrying amount of £6,251,640 (2021 - £6,409,177) have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

Included in the cost of land and buildings is freehold of £1,900,000 (2021: £1,900,000) which is not depreciated.

Included in Land and Building is goodwill with a cost of £1,500,000 and accumulated depreciation of £1,500,000 (2020: accumulated depreciation of £1,500,000).

### 12 Fixed asset investments

	Notes	2022 £	2021 £
Investments in subsidiaries	13	50,000	50,000

# THE ARDEN HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 13 Subsidiaries

Details of the company's subsidiaries at 30 June 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Arden Restaurant & Hotel Limited	United Kingdom	Dormant	Ordinary	79.55	20.45
Kelube Limited	United Kingdom	Dormant	Ordinary	100.00	-

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves	Profit/(Loss)
	£	£
Arden Restaurant & Hotel Limited	50,000	-
Kelube Limited	1,000	-

### 14 Financial instruments

	2022	2021
	£	£
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	163,301	18,126
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	4,506,144	5,445,398

### 15 Stocks

	2022	2021
	£	£
Finished goods and goods for resale	24,444	13,780

### 16 Debtors

	2022	2021
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	163,186	17,936
Corporation tax recoverable	133,852	112,517
Other debtors	115	190
Prepayments and accrued income	41,515	1,500
	338,668	132,143



# THE ARDEN HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 17 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans	19	188,889	272,222
Trade creditors		347,742	204,127
Amounts owed to group undertakings		50,000	50,000
Corporation tax		286,430	-
Other taxation and social security		204,024	123,723
Dividends payable		400,000	-
Other creditors		40,779	61,213
Accruals and deferred income		151,851	73,794
		<u>1,669,715</u>	<u>785,079</u>

### 18 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	19	1,427,203	2,884,362
Other borrowings	19	1,899,680	1,899,680
		<u>3,326,883</u>	<u>4,784,042</u>

### 19 Loans and overdrafts

	2022 £	2021 £
Bank loans	1,616,092	3,156,584
Preference shares	1,899,680	1,899,680
	<u>3,515,772</u>	<u>5,056,264</u>
Payable within one year	188,889	272,222
Payable after one year	3,326,883	4,784,042

The bank loan is also secured by; a legal charge over the company's property; a legal charge over the land adjoining the property. There is also a debenture securing fixed and floating charges over the company's assets.

Trade debtors of £164,885 (2021: £17,936) have been held as security for the bank loan by means of a debenture securing fixed and floating charges.

The bank loans represents a Coronavirus Business Interruption Loan (CBIL) is repayable by quarterly instalments. The CBIL's loan is repayable over 10 years with a one year capital payment holiday. Interest on the CBIL's loan is chargeable at 2.0%.

# THE ARDEN HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 19 Loans and overdrafts

(Continued)

The company pays quarterly dividends in arrears on the redeemable preference shares at a rate equal to LIBOR and the preference dividends accrue on a daily basis.

The redeemable preference shareholders are entitled to receive notice of and to attend and speak, but not vote at any general meeting of the company.

### 20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2022 £	Liabilities 2021 £
<b>Balances:</b>		
Accelerated capital allowances	12,986	24,183
	<u>          </u>	<u>          </u>
<b>Movements in the year:</b>		2022 £
Liability at 1 July 2021		24,183
Credit to profit or loss		(11,197)
Liability at 30 June 2022		<u>12,986</u>

The deferred tax liability set out above is expected to reverse and relates to accelerated capital allowances that are expected to mature within the same period.

The provision for deferred tax has not been discounted as it is the directors' belief that it will have no material impact on the financial statements.

### 21 Retirement benefit schemes

	2022 £	2021 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	28,736	27,147
	<u>          </u>	<u>          </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

# THE ARDEN HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 22 Share capital

	2022 Number	2021 Number	2022 £	2021 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary of £1 each	23,920	23,920	23,920	23,920
<b>Preference share capital</b>				
<b>Issued and fully paid</b>				
Redeemable Preference of £1 each	1,899,680	1,899,680	1,899,680	1,899,680
Preference shares classified as liabilities			1,899,680	1,899,680

### 23 Related party transactions

#### Balances with related parties

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties		Amounts owed to related parties	
	2022 £	2021 £	2022 £	2021 £
Arden Restaurant & Hotel Limited	-	-	50,000	50,000

#### Other information

During the year, family members of the directors were paid wages and salaries of £Nil (2021: £4,195)

### 24 Cash generated from/(absorbed by) operations

	2022 £	2021 £
Profit/(loss) for the year after tax	1,011,723	(806,353)
<b>Adjustments for:</b>		
Taxation charged/(credited)	275,233	(151,382)
Finance costs	143,026	65,823
Investment income	(935)	(82)
Depreciation and impairment of tangible fixed assets	232,622	242,871
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	(10,664)	5,955
(Increase)/decrease in debtors	(185,190)	61,026
Increase/(decrease) in creditors	281,539	(10,799)
<b>Cash generated from/(absorbed by) operations</b>	<b>1,747,354</b>	<b>(592,941)</b>

## THE ARDEN HOTEL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 30 JUNE 2022**

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**25 Analysis of changes in net debt**

	<b>1 July 2021</b>	<b>Cash flows</b>	<b>30 June 2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	1,035,224	(49,376)	985,848
Borrowings excluding overdrafts	(5,056,264)	1,540,492	(3,515,772)
	<u>(4,021,040)</u>	<u>1,491,116</u>	<u>(2,529,924)</u>

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.