

**Company Registration No. 04011656 (England and Wales)**

**CASSEL HOTELS (CAMBRIDGE) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

# CASSEL HOTELS (CAMBRIDGE) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	H B Hart	(Appointed 21 December 2018)
	J M Osborne	(Appointed 21 December 2018)
	S P Lim	(Appointed 17 January 2019)
	M L Ratazzi	(Appointed 17 January 2019)

<b>Company number</b>	04011656
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<b>Registered office</b>	73 Cornhill London EC3V 3QQ
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<b>Auditor</b>	Gerald Edelman 73 Cornhill London EC3V 3QQ
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# **CASSEL HOTELS (CAMBRIDGE) LIMITED**

## **CONTENTS**

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	<b>Page</b>
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 6
Profit and loss account	7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 - 22

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# CASSEL HOTELS (CAMBRIDGE) LIMITED

## STRATEGIC REPORT

**FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

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The directors present the strategic report for the period ended 30 September 2019.

### Fair review of the business

The period to 30th September 2019 has witnessed significant change at Cassel Hotels (Cambridge) Limited ("the Company"). The Company was openly marketed for sale during the period, culminating in the completion of its sale to Howe Ltd on the 21st December 2018 for a headline price of £8m on a debt free, cash free basis before adjustments.

Howe Ltd is ultimately owned by Funds advised by the Melford Group (entities including Melford Capital Partners LLP and Melford Capital Partners (Guernsey) Ltd collectively "Melford"), who are also advisors to the owners of Cambridge's leading hotel, the University Arms. As a result of the change in ownership, a number of organizational and operational changes have been made. First, the Board has been entirely reconstituted with Howe Ltd's nominees. Second, the Board appointed Michels & Taylor as hotel consultants to assist with optimizing the operations. Third, the Board, together with Michels & Taylor, have implemented a number of changes to the onsite management team and strategy with a view to driving revenue and efficiencies.

Reviewing the operations during the period under review, one can see four clear differentiated periods in the trading of the hotel, separate to the usual seasonal fluctuations one would expect.

First, for approximately the first three months of the period under review trading was in line with historic performance. Second, for the period up until the sale in December 2018 there was a gradual deterioration in performance as the previous owners and management were distracted by the uncertainty created by the ongoing sale process. Third, trading was disrupted further as the current Board together with Michels & Taylor implemented operational improvements. Finally, the fruits of these changes were becoming evident as the period under review was coming to a close.

### Key performance indicators

At a revenue level, £4.0m of revenue was generated in the period, a small decrease on an annualised basis compared to the year to March 2018. At an operating profit level, a gain of c.£24,000 was generated in the period compared to a profit of c.£254,000 in the year to March 2018. Cash at bank and in hand increased from c.£96,000 at March 2018 to c.£223,000 at September 2019 as did the net asset value position from c£2,291,000 to c£4,524,000. The key performance indicators of the company are summarised in the following;

	<b>Period ended 30 September 2019 £</b>	<b>Year ended 31 March 2018 £</b>
Turnover	3,992,778	2,896,897
Operating profit	23,840	253,511
Cash at bank and in hand	223,306	96,351
NAV	4,523,864	2,291,456

In the context of the disruption caused by the change of ownership and management, the Board considers the overall performance of the hotel in the period under review to be acceptable. Whilst it quickly became apparent that the improvements the operations required were more extensive than anticipated and have taken longer to implement with correspondingly weak financial performance; the management have made significant strides and these were beginning to be reflected in the financials as the period under review came to an end.

# **CASSEL HOTELS (CAMBRIDGE) LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

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### **Principal risks and uncertainties**

The company's operations and performance are subject to several risks that could impact the company's business, many of which are related to the economic environment. Risks such as global economic downturns, changes in travel patterns, potential increases in acts of terrorism and political uncertainty are closely aligned to the performance of our hotel and the hospitality industry. Whilst management seek to identify such risks at the earliest opportunity, it is often the case that many of these risks are beyond the control of the company.

To mitigate these risks, management have robust procedures and plans in place to be able to respond to any major incidents or crises and implement the necessary steps to minimise the impacts likely caused.

### **MARKET RISK**

The future performance of the company could likely be adversely impacted by an oversupply of hotel room offerings and weak demand due, in part, to the seasonal nature of the hospitality industry. New hotels and offerings in the area would bring additional rooms into the market resulting in a reduction in the occupancy levels and room rates. The company regularly reviews its business model, adjusting its room rates in line with variations in demand to ensure the hotel remains competitively positioned within the hospitality market. Customer feedback is a key focus for the company, carrying out various surveys and inspections to ensure customer satisfaction is maintained at the highest level and adding to our competitive appeal.

### **LIQUIDITY AND CASHFLOW RISK**

The company is exposed to liquidity and cashflow risk, which is managed by maintaining a healthy and sufficient cash on deposit position, ensuring that our obligations can be met as they fall due. Management conduct operational reviews periodically on forecasts and cashflows in order to foresee any risk in the company's ability to finance its operations.

### **Post balance sheet events**

Subsequent to the period under review, the hospitality industry has experienced unprecedented disruption as a result of the Covid-19 pandemic. The hotel was closed to customers in March and was offered to essential NHS staff if required. At the date of writing the hotel remains closed and holds sufficient liquidity in cash or commitments from Howe Ltd to meet near term requirements. The Hotel will remain closed until such time as it can be safely and profitably reopened, at which point it is hoped that the progress made in the period under review can be further advanced.

On behalf of the board

H B Hart  
**Director**  
26 June 2020

# **CASSEL HOTELS (CAMBRIDGE) LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE PERIOD ENDED 30 SEPTEMBER 2019***

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The directors present their annual report and financial statements for the period ended 30 September 2019.

#### **Principal activities**

The principal activity of the company during the year was the management of hotels and restaurants.

#### **Directors**

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

H B Hart	(Appointed 21 December 2018)
J M Osborne	(Appointed 21 December 2018)
F J Wingfield Digby	(Appointed 21 December 2018 and resigned 15 May 2020)
S P Lim	(Appointed 17 January 2019)
M L Ratazzi	(Appointed 17 January 2019)
J J Cassel	(Resigned 21 December 2018)
R A Street	(Resigned 21 December 2018)
V H Cassel	(Resigned 21 December 2018)
Sir T Cassel	(Resigned 21 December 2018)
S Ross	(Resigned 21 December 2018)
P Kerridge	(Resigned 21 December 2018)
M Makey	(Resigned 21 December 2018)
C Nevile	(Resigned 21 December 2018)

#### **Results and dividends**

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

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Financial instruments**

##### ***Interest rate risk***

The bank loans were repaid during the year. Prior to this, the bank loans were repayable in instalments with interest at both fixed and variable rates tied to the base rate.

##### **Future developments**

The company will continue to invest in the infrastructure of the business and maintenance of its status as one of the premier hotels within the Cambridge area.

##### **Auditor**

Gerald Edelman was appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

# **CASSEL HOTELS (CAMBRIDGE) LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

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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.

### **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.

### **Going concern**

Having reviewed the company's financial forecasts and expected future cash flows and evaluating all the potential impact of the Coronavirus COVID -19, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, notwithstanding the fact that the company's current liabilities exceed its current assets by £3,493,836 (2018: £2,486,533), the going concern basis has been adopted in preparing the financial statements for the period ended 30 September 2019. This assumes that continued financial support will be provided to the entity by its parent undertaking and ultimate beneficial owners for at least 12 months from the date of approval of these financial statements.

On behalf of the board

H B Hart

**Director**

26 June 2020

# CASSEL HOTELS (CAMBRIDGE) LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF CASSEL HOTELS (CAMBRIDGE) LIMITED

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#### Opinion

We have audited the financial statements of Cassel Hotels (Cambridge) Limited (the 'company') for the period ended 30 September 2019 which comprise the profit and loss account, 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 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 FRS 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 September 2019 and of its loss for the period 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 company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

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

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

We have nothing to report in this regard.

#### 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 period 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.



# **CASSEL HOTELS (CAMBRIDGE) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF CASSEL HOTELS (CAMBRIDGE) 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 and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

**Asgher Sultan FCCA (Senior Statutory Auditor)**  
for and on behalf of Gerald Edelman

26 June 2020

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

73 Cornhill  
London  
EC3V 3QQ

# CASSEL HOTELS (CAMBRIDGE) LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

		Period ended 30 September 2019 £	Year ended 31 March 2018 £
	Notes		
Turnover	3	3,992,778	2,896,897
Cost of sales		(2,235,640)	(1,610,667)
<b>Gross profit</b>		<b>1,757,138</b>	<b>1,286,230</b>
Administrative expenses		(1,733,298)	(1,032,719)
<b>Operating profit</b>	<b>4</b>	<b>23,840</b>	<b>253,511</b>
Interest payable and similar expenses	7	(92,502)	(132,787)
<b>(Loss)/profit before taxation</b>		<b>(68,662)</b>	<b>120,724</b>
Tax on (loss)/profit	8	(9,223)	(41,657)
<b>(Loss)/profit for the financial period</b>		<b>(77,885)</b>	<b>79,067</b>

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

## CASSEL HOTELS (CAMBRIDGE) LIMITED

### STATEMENT OF COMPREHENSIVE INCOME

*FOR THE PERIOD ENDED 30 SEPTEMBER 2019*

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	Period ended 30 September 2019 £	Year ended 31 March 2018 £
(Loss)/profit for the period	(77,885)	79,067
<b>Other comprehensive income</b>		
Revaluation of tangible fixed assets	2,310,293	-
<b>Total comprehensive income for the period</b>	<u>2,232,408</u>	<u>79,067</u>

# CASSEL HOTELS (CAMBRIDGE) LIMITED

## BALANCE SHEET

AS AT 30 SEPTEMBER 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Tangible assets	9		8,017,700		5,840,311
<b>Current assets</b>					
Stocks	11	11,743		23,511	
Debtors	12	143,749		322,521	
Cash at bank and in hand		223,306		96,351	
		<u>378,798</u>		<u>442,383</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(3,872,634)</u>		<u>(2,928,916)</u>	
<b>Net current liabilities</b>			<u>(3,493,836)</u>		<u>(2,486,533)</u>
<b>Total assets less current liabilities</b>			<u>4,523,864</u>		<u>3,353,778</u>
<b>Creditors: amounts falling due after more than one year</b>	14		-		(1,062,322)
<b>Net assets</b>			<u><u>4,523,864</u></u>		<u><u>2,291,456</u></u>
<b>Capital and reserves</b>					
Called up share capital	17		1,800,000		1,800,000
Revaluation reserve			2,310,293		-
Profit and loss reserves			413,571		491,456
<b>Total equity</b>			<u><u>4,523,864</u></u>		<u><u>2,291,456</u></u>

The financial statements were approved by the board of directors and authorised for issue on 26 June 2020 and are signed on its behalf by:

H B Hart  
Director

Company Registration No. 04011656

# CASSEL HOTELS (CAMBRIDGE) LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
<b>Balance at 1 April 2017</b>	1,800,000	-	412,389	2,212,389
<b>Period ended 31 March 2018:</b>				
Profit and total comprehensive income for the period	-	-	79,067	79,067
<b>Balance at 31 March 2018</b>	1,800,000	-	491,456	2,291,456
<b>Period ended 30 September 2019:</b>				
Loss for the period	-	-	(77,885)	(77,885)
Other comprehensive income:				
Revaluation of tangible fixed assets	-	2,310,293	-	2,310,293
Total comprehensive income for the period	-	2,310,293	(77,885)	2,232,408
<b>Balance at 30 September 2019</b>	1,800,000	2,310,293	413,571	4,523,864

# CASSEL HOTELS (CAMBRIDGE) LIMITED

## STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	20	3,594,428		553,723	
Interest paid		(92,502)		(132,787)	
Income taxes paid		(33,946)		(57,516)	
<b>Net cash inflow from operating activities</b>		3,467,980		363,420	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(52,700)		(82,434)	
<b>Net cash used in investing activities</b>		(52,700)		(82,434)	
<b>Financing activities</b>					
Repayment of bank loans		(3,288,325)		(347,188)	
<b>Net cash used in financing activities</b>		(3,288,325)		(347,188)	
<b>Net increase/(decrease) in cash and cash equivalents</b>		126,955		(66,202)	
Cash and cash equivalents at beginning of period		96,351		162,553	
<b>Cash and cash equivalents at end of period</b>		223,306		96,351	

# CASSEL HOTELS (CAMBRIDGE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

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### **1 Accounting policies**

#### **Company information**

Cassel Hotels (Cambridge) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 73 Cornhill, London, EC3V 3QQ.

#### **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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

Having reviewed the company's financial forecasts and expected future cash flows evaluating all the potential impacts deriving from COVID-19, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, notwithstanding the fact that the company's current liabilities exceed its current assets by £3,493,836 (2018: £2,486,533), the going concern basis has been adopted in preparing the financial statements for the period ended 30 September 2019. This assumes that continued financial support will be provided to the entity by its parent undertaking and ultimate beneficial owners for at least 12 months from the date of approval of these financial statements.

#### **1.3 Reporting period**

The company changed its reporting period to be the eighteen months to 30 September 2019, in order to align its reporting with that of its parent company. The comparatives are for the year ended 31 March 2018.

#### **1.4 Turnover**

The turnover in the profit and loss account represents the right to consideration from the performance of the company's obligations.

Revenue from the sale of food and drink is recognised at the fair value of the consideration received or receivable for these goods, and is recognised once the goods have been provided to the buyer. The amount of revenue is shown net of VAT.

Revenue from room sales and other guest services is recognised when rooms are occupied and as services are provided.

#### **1.5 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.

# CASSEL HOTELS (CAMBRIDGE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

### 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:

Land and buildings freehold	Straight line over 50 years (excluding land)
Fixtures, fittings & equipment	Straight line over 10 years
IT equipment	Straight line over 5 years
Motor vehicles	Straight line over 3 years

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.

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and losses are recognised in profit or loss.

#### 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.

#### 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.



# CASSEL HOTELS (CAMBRIDGE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

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### 1 Accounting policies

(Continued)

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.

##### **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.

# CASSEL HOTELS (CAMBRIDGE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

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### 1 Accounting policies

(Continued)

#### ***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.

#### ***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.

# CASSEL HOTELS (CAMBRIDGE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

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### 1 Accounting policies

(Continued)

#### **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.

### 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.

# CASSEL HOTELS (CAMBRIDGE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

### 3 Turnover and other revenue

	2019	2018
	£	£
<b>Turnover analysed by class of business</b>		
Management of hotels and restaurants	3,992,778	2,896,897

### 4 Operating profit

	2019	2018
	£	£
Operating profit for the period is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	25,240	2,545
Depreciation of owned tangible fixed assets	185,604	128,720
Cost of stocks recognised as an expense	495,811	368,289

### 5 Employees

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

	2019	2018
	Number	Number
Hotel and management	49	61

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	1,453,364	940,804
Social security costs	77,145	67,455
Pension costs	26,237	16,878
	1,556,746	1,024,100

### 6 Directors' remuneration

	2019	2018
	£	£
Remuneration for qualifying services	67,587	49,389
Company pension contributions to defined contribution schemes	3,980	3,457
	71,567	52,846

Retirement benefits are accruing under defined contribution schemes for 1 person who was a director during the year (2018: 1).

# CASSEL HOTELS (CAMBRIDGE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

### 7 Interest payable and similar expenses

	2019 £	2018 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	92,502	132,787
	<u>          </u>	<u>          </u>

### 8 Taxation

	2019 £	2018 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	9,223	33,936
	<u>          </u>	<u>          </u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	7,721
	<u>          </u>	<u>          </u>
<b>Total tax charge</b>	<u>9,223</u>	<u>41,657</u>

The actual charge for the period can be reconciled to the expected (credit)/charge for the period based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
(Loss)/profit before taxation	(68,662)	120,724
	<u>          </u>	<u>          </u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(13,046)	22,938
Tax effect of expenses that are not deductible in determining taxable profit	3,836	3,538
Permanent capital allowances in excess of depreciation	18,433	15,181
	<u>          </u>	<u>          </u>
<b>Taxation charge for the period</b>	<u>9,223</u>	<u>41,657</u>

# CASSEL HOTELS (CAMBRIDGE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

### 9 Tangible fixed assets

	Land and buildings freehold £	Fixtures, fittings & equipment £	IT equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 April 2018	7,035,384	1,369,854	-	3,525	8,408,763
Additions	22,387	10,850	19,463	-	52,700
Revaluation	772,253	-	-	-	772,253
At 30 September 2019	7,830,024	1,380,704	19,463	3,525	9,233,716
<b>Depreciation and impairment</b>					
At 1 April 2018	1,417,238	1,147,689	-	3,525	2,568,452
Depreciation charged in the period	120,802	63,039	1,763	-	185,604
Revaluation	(1,538,040)	-	-	-	(1,538,040)
At 30 September 2019	-	1,210,728	1,763	3,525	1,216,016
<b>Carrying amount</b>					
At 30 September 2019	7,830,024	169,976	17,700	-	8,017,700
At 31 March 2018	5,618,146	222,165	-	-	5,840,311

Land and buildings were revalued at 30 September 2019 by Knight Frank LLP, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2019 £	2018 £
Cost	7,057,771	7,035,384
Accumulated depreciation	(1,538,040)	(1,417,238)
Carrying value	5,519,731	5,618,146

### 10 Financial instruments

	2019 £	2018 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	48,923	111,834
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	3,724,959	3,808,776

# CASSEL HOTELS (CAMBRIDGE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

<b>11</b>	<b>Stocks</b>		<b>2019</b>	<b>2018</b>
			<b>£</b>	<b>£</b>
	Finished goods and goods for resale		11,743	23,511
			<u>          </u>	<u>          </u>
<b>12</b>	<b>Debtors</b>		<b>2019</b>	<b>2018</b>
			<b>£</b>	<b>£</b>
	<b>Amounts falling due within one year:</b>			
	Trade debtors		46,116	61,834
	Amounts owed by group undertakings		-	50,000
	Other debtors		2,807	2,807
	Prepayments and accrued income		94,826	207,880
			<u>          </u>	<u>          </u>
			143,749	322,521
			<u>          </u>	<u>          </u>
<b>13</b>	<b>Creditors: amounts falling due within one year</b>		<b>2019</b>	<b>2018</b>
		<b>Notes</b>	<b>£</b>	<b>£</b>
	Bank loans	15	-	2,226,003
	Trade creditors		104,382	419,886
	Amounts owed to group undertakings		3,405,760	-
	Corporation tax		9,223	33,946
	Other taxation and social security		138,452	148,516
	Other creditors		10,177	-
	Accruals and deferred income		204,640	100,565
			<u>          </u>	<u>          </u>
			3,872,634	2,928,916
			<u>          </u>	<u>          </u>
<b>14</b>	<b>Creditors: amounts falling due after more than one year</b>		<b>2019</b>	<b>2018</b>
		<b>Notes</b>	<b>£</b>	<b>£</b>
	Bank loans and overdrafts	15	-	1,062,322
			<u>          </u>	<u>          </u>
<b>15</b>	<b>Loans and overdrafts</b>		<b>2019</b>	<b>2018</b>
			<b>£</b>	<b>£</b>
	Bank loans		-	3,288,325
			<u>          </u>	<u>          </u>
	Payable within one year		-	2,226,003
	Payable after one year		-	1,062,322
			<u>          </u>	<u>          </u>

# CASSEL HOTELS (CAMBRIDGE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

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### 15 Loans and overdrafts (Continued)

The bank loans were repaid during the year.

### 16 Retirement benefit schemes

	2019	2018
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	26,237	16,878

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.

### 17 Share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
1,800,000 ordinary (A) shares of £1 each	1,800,000	1,800,000

Each share is entitled to one vote.

### 18 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019	2018
	£	£
Aggregate compensation	80,454	58,535

#### Transactions with related parties

During the period the company entered into the following transactions with related parties:



## CASSEL HOTELS (CAMBRIDGE) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

#### 18 Related party transactions

(Continued)

During the period management fees of £10,000 (2018: £nil) were paid to Melford Special Situations II LP, a related entity.

During the period, the company paid £27,000 (2018: £33,000) to Mr J Cassel, a director of the company until 21 December 2018, under a consultancy agreement. At the end of the period, within the accruals balance was £nil (2018: £79,907) worth of accrued shareholder interest and £nil (2018: £7,333) accrued fees payable to Mr J Cassel. The trade creditors balance includes an amount payable to Mr J Cassel of £nil (2018: £9,000).

Management fees of £8,172 (2018: £7,620) paid to R.A. Street Associates Limited were charged to the profit and loss account during the period, and accruals in relation to this company totalled £nil (2018: £583) at the end of the period. Mr R A Street, a director during the year until 21 December 2018, is a director of R.A. Street Associates Limited.

The company has taken advantage of the exemption under terms of FRS102 not to disclose related party transactions with wholly owned subsidiaries within the group.

#### 19 Ultimate controlling party

The immediate parent company of Cassel Hotels (Cambridge) Limited is Howe Ltd. The results of Cassel Hotels (Cambridge) Limited are consolidated in the group accounts of Howe HoldCo Ltd. Both companies are resident in the Isle of Man with its registered address at First Names House, Victoria Road, Douglas, Isle of Man, IM2 4DF.

During the period the ultimate controlling party changed from J Cassel, a director of the company till 21 December, to Melford II (GP) LLP following the acquisition of the company.

#### 20 Cash generated from operations

	2019 £	2018 £
(Loss)/profit for the period after tax	(77,885)	79,067
<b>Adjustments for:</b>		
Taxation charged	9,223	41,657
Finance costs	92,502	132,787
Depreciation and impairment of tangible fixed assets	185,604	128,721
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	11,768	(6,252)
Decrease in debtors	178,772	61,324
Increase in creditors	3,194,444	116,419
<b>Cash generated from operations</b>	<b>3,594,428</b>	<b>553,723</b>

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.