

EDWARD BENCE HOTELS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2022



EDWARD BENCE HOTELS LIMITED

COMPANY INFORMATION

DIRECTORS

Mr Edward John Bence
Mrs Sarah Elizabeth Bence
Mrs Lucinda Elizabeth Chamings
Mr Edward James Bence

COMPANY SECRETARY

Mr E J Bence

REGISTERED NUMBER

04899624

REGISTERED OFFICE

Chy Nyverow
Newham Road
Truro
Cornwall
TR1 2DP

INDEPENDENT AUDITORS

Bishop Fleming LLP
Chartered Accountants & Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

EDWARD BENCE HOTELS LIMITED

CONTENTS

	Page
Group strategic report	1
Directors' report	2 - 3
Independent auditors' report	4 - 7
Consolidated statement of income and retained earnings	8
Consolidated statement of financial position	9
Company statement of financial position	10
Consolidated statement of cash flows	11 - 12
Consolidated analysis of net debt	13
Notes to the financial statements	14 - 30
The following pages do not form part of the statutory financial statements:	
Company detailed profit and loss account and summaries	31 - 32

EDWARD BENCE HOTELS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2022

BUSINESS REVIEW

The Group has two outlets:

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is reliant upon its staff to run its hotels on a day to day basis and the directors are hugely grateful for the hard work that the team has put in during some very trying times. The availability of staff has been severely restricted at times. Recruitment of new team members remains a real challenge for all hospitality businesses in the region and the group is not exempt from these difficulties.

FINANCIAL KEY PERFORMANCE INDICATORS

Management regularly review a wide range of financial and operational performance indicators against standard benchmarks used in the hospitality industry and are satisfied with current performance against these indicators, the group exceeding benchmarks in most cases in respect of sales growth and conversion. These include revenue and gross profit margin and occupancy rates.

This report was approved by the board and signed on its behalf.



Mr Edward John Bence
Director

Date: 12/4/23

EDWARD BENCE HOTELS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2022

The directors present their report and the financial statements for the year ended 31 October 2022.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments 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 Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £525,575 (2021: £904,586).

Dividends were paid in the year amounting to £nil (2021: £44,167).

DIRECTORS

The directors who served during the year were:

Mr Edward John Bence
Mrs Sarah Elizabeth Bence
Mrs Lucinda Elizabeth Chamings
Mr Edward James Bence

DISCLOSURE OF INFORMATION TO AUDITORS

POST BALANCE SHEET EVENTS

There were no post balance sheet events.

AUDITORS

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

EDWARD BENCE HOTELS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2022**

This report was approved by the board and signed on its behalf.



Mr Edward John Bence
Director

Date: 12/4/23

Chy Nyverow
Newham Road
Truro
Cornwall
TR1 2DP

EDWARD BENCE HOTELS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDWARD BENCE HOTELS LIMITED

OPINION

We have audited the financial statements of Edward Bence Hotels Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 October 2022, which comprise the Consolidated Statement of income and retained earnings, the Consolidated and Company Statements of financial position, the Consolidated Statement of cash flows, the Consolidated Analysis of net debt and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 October 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Group's or the parent 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 Auditors' 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.

EDWARD BENCE HOTELS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDWARD BENCE HOTELS LIMITED (CONTINUED)

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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 set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDWARD BENCE HOTELS LIMITED
(CONTINUED)**

AUDITORS' 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 Auditors' 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 Group 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:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance;
- the results of our enquiries of the directors about their own identification and assessment of the risk of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of its policies and procedures relating to:
 - o identifying, evaluating, and complying with laws and regulations and whether the directors were aware of any instances of non-compliance;
 - o detecting and responding to the risk of fraud and whether the directors had knowledge of actual, suspected, or alleged fraud; and
 - o the internal controls established to mitigate the risks of fraud or non-compliance with laws and regulations.
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and potential indicators of fraud.

As a result of these procedures, we have considered the opportunities and incentives that may exist within the organisation for fraud and identified the highest area of risk to be in relation to revenue recognition, with a particular risk in relation to year-end cut-off. In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override.

We have also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, FRS 102 and UK tax legislation. In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or avoid a material penalty. These included health and safety regulations, employment law and compliance with food safety and hygiene standards as laid out by the food standards agency.

Our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of the directors in relation to actual and potential claims or litigation;
- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Performing detailed transactional testing in relation to the recognition of revenue with a particular focus around the year-end cut off; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgments made in accounting estimates are indicative of potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business.

EDWARD BENCE HOTELS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDWARD BENCE HOTELS LIMITED (CONTINUED)

We also communicated identified laws and regulations and potential fraud risks to all members of the team involved in the engagement and remained alert to possible indicators of fraud or non-compliance with laws and regulations throughout the audit.

As a result of the inherent limitations of an audit, there is a risk that not all irregularities, including a material misstatement in the financial statements or non compliance with regulation, will be detected by us. This risk increases the further removed compliance with a law and regulation is from the events and transactions reflected in the financial statements, given we will be less likely to be aware of it, or should the irregularity occur as a result of fraud rather than a one-off error, as this may involve intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' 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 Auditors' 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.

Bishop Fleming LLP

Mark Munro FCA (Senior statutory auditor)
for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS
Date: 26/4/23

EDWARD BENCE HOTELS LIMITED

**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 OCTOBER 2022**

	Note	2022 £	2021 £
Turnover	3	4,624,611	3,538,645
Cost of sales		(900,717)	(497,839)
Gross profit		3,723,894	3,040,806
Administrative expenses		(3,008,336)	(2,306,493)
Other operating income	4	15,335	526,849
Operating profit		730,893	1,261,162
Interest receivable and similar income	8	1,250	137
Interest payable and similar expenses	9	(86,438)	(71,904)
Profit before tax		645,705	1,189,395
Tax on profit	10	(120,130)	(284,809)
Profit after tax		525,575	904,586
Retained earnings at the beginning of the year		4,247,062	3,386,643
		4,247,062	3,386,643
Profit for the year attributable to the owners of the parent		525,575	904,586
Dividends declared and paid		-	(44,167)
Retained earnings at the end of the year		4,772,637	4,247,062

There were no recognised gains and losses for 2022 or 2021 other than those included in the consolidated statement of income and retained earnings.

The notes on pages 14 to 30 form part of these financial statements.

EDWARD BENCE HOTELS LIMITED
REGISTERED NUMBER:04899624

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	12	-	(641)
Tangible assets	13	5,243,255	5,173,827
		<u>5,243,255</u>	<u>5,173,186</u>
Current assets			
Stocks	15	51,871	44,445
Debtors	16	221,753	160,408
Cash at bank and in hand	17	2,766,273	2,818,038
		<u>3,039,897</u>	<u>3,022,891</u>
Creditors: amounts falling due within one year	18	(1,160,551)	(1,279,099)
Net current assets		<u>1,879,346</u>	<u>1,743,792</u>
Total assets less current liabilities		<u>7,122,601</u>	<u>6,916,978</u>
Creditors: amounts falling due after more than one year	19	(2,131,768)	(2,440,444)
Provisions for liabilities			
Deferred taxation	22	(217,996)	(229,272)
		<u>(217,996)</u>	<u>(229,272)</u>
Net assets		<u><u>4,772,837</u></u>	<u><u>4,247,262</u></u>
Capital and reserves			
Called up share capital	23	200	200
Profit and loss account	24	4,772,637	4,247,062
		<u><u>4,772,837</u></u>	<u><u>4,247,262</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Mr Edward John Bence
Director

Date: 12/4/23

The notes on pages 14 to 30 form part of these financial statements.

EDWARD BENCE HOTELS LIMITED
REGISTERED NUMBER:04899624

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	14	1,179,292	1,179,292
		<u>1,179,292</u>	<u>1,179,292</u>
Current assets			
Debtors	16	249,000	257,419
Cash at bank and in hand	17	74,975	74,176
		<u>323,975</u>	<u>331,595</u>
Creditors: amounts falling due within one year	18	(549,149)	(547,080)
Net current liabilities		<u>(225,174)</u>	<u>(215,485)</u>
Total assets less current liabilities		<u>954,118</u>	<u>963,807</u>
Net assets		<u><u>954,118</u></u>	<u><u>963,807</u></u>
Capital and reserves			
Called up share capital	23	200	200
Profit and loss account brought forward	24	961,594	964,676
Loss/(profit) for the year	24	(7,676)	43,098
Other changes in the profit and loss account	24	-	(44,167)
		<u>953,918</u>	<u>963,607</u>
Profit and loss account carried forward		<u><u>954,118</u></u>	<u><u>963,807</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Mr Edward John Bence
Director

Date: 12/4/23

The notes on pages 14 to 30 form part of these financial statements.

EDWARD BENCE HOTELS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2022**

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	525,575	904,586
Adjustments for:		
Amortisation of intangible assets	(641)	(641)
Depreciation of tangible assets	194,758	221,878
Interest paid	86,438	71,904
Interest received	(1,250)	(137)
Taxation charge	120,130	284,809
(Increase) in stocks	(7,426)	(14,671)
(Increase)/decrease in debtors	(70,516)	22,244
(Decrease)/increase in creditors	(98,561)	521,659
Corporation tax (paid)	(235,658)	(72,469)
Net cash generated from operating activities	512,849	1,939,162
Cash flows from investing activities		
Purchase of tangible fixed assets	(264,186)	(640,585)
Interest received	1,250	137
Net cash from investing activities	(262,936)	(640,448)

EDWARD BENCE HOTELS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2022**

	2022 £	2021 £
Cash flows from financing activities		
New secured loans	-	93,783
Repayment of loans	(194,209)	-
Repayment of/new finance leases	(21,031)	(28,897)
Dividends paid	-	(44,167)
Interest paid	(86,438)	(71,904)
Net cash used in financing activities	(301,678)	(51,185)
Net (decrease)/increase in cash and cash equivalents	(51,765)	1,247,529
Cash and cash equivalents at beginning of year	2,818,038	1,570,509
Cash and cash equivalents at the end of year	2,766,273	2,818,038
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,766,273	2,818,038
	2,766,273	2,818,038

EDWARD BENCE HOTELS LIMITED**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 OCTOBER 2022**

	At 1 November 2021 £	Cash flows £	At 31 October 2022 £
Cash at bank and in hand	2,818,038	(51,765)	2,766,273
Debt due after 1 year	(2,409,823)	330,868	(2,078,955)
Debt due within 1 year	(117,693)	(136,659)	(254,352)
Finance leases	(28,941)	21,031	(7,910)
	<u>261,581</u>	<u>163,475</u>	<u>425,056</u>

EDWARD BENCE HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2022

1. GENERAL INFORMATION

Edward Bence Hotels Limited is a private company limited by shares and incorporated in England and Wales, its registered office is C/O Bishop Fleming, Chy Nyverow, Newham Road, Truro, Cornwall, TR1 2DP. The Company's principal activity during the year was that of hotel ownership and management.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of income and retained earnings in these financial statements.

The following principal accounting policies have been applied:

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of income and retained earnings from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 November 2017.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022

2. ACCOUNTING POLICIES (continued)

2.3 GOING CONCERN

The directors have reviewed the ability of the group to continue to operate as a going concern for the foreseeable future.

The directors recognise the risks associated with ongoing wage increases, coupled with staff shortages, rising utility costs, interest rates and the ongoing Ukraine war, but are confident that plans are in place to mitigate these risks and believe there are sufficient financial resources available to reduce the impact of any unforeseen events.

Despite challenges, the company has been able to operate in profit close to budget for the year 2021/22.

The directors have considered the current cash position of the Group, and its cash requirements over the course of the next twelve months. Based on prepared forecasts, the directors are confident that the business will be able to meet any known liabilities as they fall due over this period.

On this basis, the directors have concluded it is appropriate that the financial statements have been prepared on a going concern basis.

2.4 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

2. ACCOUNTING POLICIES (continued)

2.5 OPERATING LEASES: THE GROUP AS LESSEE

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 LEASED ASSETS: THE GROUP AS LESSEE

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.7 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated statement of income and retained earnings in the same period as the related expenditure.

2.8 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

2.9 FINANCE COSTS

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 BORROWING COSTS

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.11 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022

2. ACCOUNTING POLICIES (continued)

2.12 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.13 INTANGIBLE ASSETS

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	20	years
Negative Goodwill	-	20	years

2.14 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022

2. ACCOUNTING POLICIES (continued)

2.14 TANGIBLE FIXED ASSETS (CONTINUED)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method and the reducing balance basis.

Depreciation is provided on the following basis:

Freehold property	- 2% straight line
Plant and machinery	- 15% reducing balance
Motor vehicles	- 20% - 25% reducing balance
Fixtures and fittings	- 10% - 20% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.15 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.17 DEBTORS

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

2.18 CASH AND CASH EQUIVALENTS

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

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

2.19 CREDITORS

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**
2. ACCOUNTING POLICIES (continued)
2.20 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.21 FINANCIAL INSTRUMENTS

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

2.22 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. TURNOVER

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Accommodation	1,675,862	1,537,462
Food	1,858,534	1,286,911
Beverage	932,109	597,748
Other	158,106	116,524
	<u>4,624,611</u>	<u>3,538,645</u>

All turnover arose within the United Kingdom.

4. OTHER OPERATING INCOME

	2022 £	2021 £
Government grants receivable	15,335	526,849
	<u>15,335</u>	<u>526,849</u>

EDWARD BENCE HOTELS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022****5. AUDITORS' REMUNERATION**

During the year, the Group obtained the following services from the Company's auditors:

	2022 £	2021 £
Fees payable to the Company's auditors for the audit of the consolidated and parent Company's financial statements	17,550	8,750

6. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	1,721,165	1,398,019	-	-
Social security costs	65,256	43,090	-	-
Cost of defined contribution scheme	22,247	17,577	-	-
	<u>1,808,668</u>	<u>1,458,686</u>	<u>-</u>	<u>-</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2022 No.	Group 2021 No.	Company 2022 No.	Company 2021 No.
	<u>106</u>	<u>95</u>	<u>-</u>	<u>4</u>

7. DIRECTORS' REMUNERATION

Total directors' emoluments for the year were £93,423 (2021: £111,475)

8. INTEREST RECEIVABLE

	2022 £	2021 £
Other interest receivable	1,250	137

EDWARD BENCE HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022 £	2021 £
Bank interest payable	86,438	71,904
	<u>86,438</u>	<u>71,904</u>

10. TAXATION

	2022 £	2021 £
CORPORATION TAX		
Current tax on profits for the year	131,406	236,315
Adjustments in respect of previous periods	-	(607)
	<u>131,406</u>	<u>235,708</u>
TOTAL CURRENT TAX	<u>131,406</u>	<u>235,708</u>
DEFERRED TAX		
Origination and reversal of timing differences	14,971	3,753
Adjustments in respect of prior periods	-	(8,777)
Effect of tax rate change on opening balance	(26,247)	54,125
TOTAL DEFERRED TAX	<u>(11,276)</u>	<u>49,101</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>120,130</u>	<u>284,809</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**
10. TAXATION (CONTINUED)**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	645,705	1,189,395
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	122,684	225,985
EFFECTS OF:		
Fixed asset differences	2,261	5,680
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	118
Adjustments to tax charge in respect of prior periods	-	(607)
Adjustments in respect of prior periods (deferred tax)	-	(8,777)
Remeasurement of deferred tax for changes in tax rates	(4,726)	55,024
Other differences leading to an increase in the tax charge	(89)	7,386
TOTAL TAX CHARGE FOR THE YEAR	120,130	284,809

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

From the 1st April 2023, the corporation tax main rate will increase to 25% on profits over £250,000. A small profits rate will be introduced for companies with profits less than £50,000 where 19% will continue to be paid. Where profits are between £50,000 and £250,000, the main rate will be paid reduced by marginal relief.

11. DIVIDENDS

	2022 £	2021 £
Dividends	-	44,167

EDWARD BENCE HOTELS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022****12. INTANGIBLE ASSETS****Group and Company**

	Goodwill £	Negative goodwill £	Total £
COST			
At 1 November 2021	150,000	(12,808)	137,192
At 31 October 2022	150,000	(12,808)	137,192
AMORTISATION			
At 1 November 2021	150,000	(12,167)	137,833
Charge for the year on owned assets	-	(641)	(641)
At 31 October 2022	150,000	(12,808)	137,192
NET BOOK VALUE			
At 31 October 2022	-	-	-
At 31 October 2021	-	(641)	(641)

EDWARD BENCE HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

13. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
COST OR VALUATION					
At 1 November 2021	6,375,945	991,322	81,120	830,485	8,278,872
Additions	164,499	97,431	-	2,256	264,186
At 31 October 2022	6,540,444	1,088,753	81,120	832,741	8,543,058
DEPRECIATION					
At 1 November 2021	1,754,019	651,033	63,236	636,757	3,105,045
Charge for the year on owned assets	88,890	74,230	4,472	27,166	194,758
At 31 October 2022	1,842,909	725,263	67,708	663,923	3,299,803
NET BOOK VALUE					
At 31 October 2022	4,697,535	363,490	13,412	168,818	5,243,255
At 31 October 2021	4,621,926	340,289	17,884	193,728	5,173,827

EDWARD BENCE HOTELS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022****14. FIXED ASSET INVESTMENTS****Company**

	Investments in subsidiary companies £
COST OR VALUATION	
At 1 November 2021	1,179,292
At 31 October 2022	<u>1,179,292</u>

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Berry Head Limited	Ordinary	100%
Hannafore Point Limited	Ordinary	100%

The aggregate of the share capital and reserves as at 31 October 2022 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Berry Head Limited	3,676,818	627,924
Hannafore Point Limited	(159,209)	45,346

15. STOCKS

	Group 2022 £	Group 2021 £
Finished goods and goods for resale	<u>51,871</u>	<u>44,445</u>

EDWARD BENCE HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

16. DEBTORS

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
DUE AFTER MORE THAN ONE YEAR				
Other debtors	62,999	-	-	-
DUE WITHIN ONE YEAR				
Trade debtors	28,506	24,763	-	-
Amounts owed by group undertakings	-	-	180,000	180,000
Other debtors	93,793	100,664	69,000	69,000
Prepayments and accrued income	36,455	34,981	-	-
Deferred taxation	-	-	-	8,419
	221,753	160,408	249,000	257,419

17. CASH AND CASH EQUIVALENTS

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	2,766,273	2,818,038	74,975	74,176

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans	254,352	117,693	-	-
Trade creditors	143,920	465,590	-	-
Amounts owed to group undertakings	-	-	546,405	540,755
Corporation tax	131,456	235,708	-	-
Other taxation and social security	341,801	146,189	-	-
Obligations under finance lease and hire purchase contracts	7,910	23,370	-	-
Other creditors	221,401	226,022	-	-
Accruals and deferred income	59,711	64,527	2,744	6,325
	1,160,551	1,279,099	549,149	547,080

EDWARD BENCE HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

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

	Group 2022 £	Group 2021 £
Bank loans	2,078,955	2,409,823
Net obligations under finance leases and hire purchase contracts	-	5,571
Other creditors	52,813	25,050
	<u>2,131,768</u>	<u>2,440,444</u>

20. LOANS

Analysis of the maturity of loans is given below:

	Group 2022 £	Group 2021 £
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank loans	254,352	117,693
	<u>254,352</u>	<u>117,693</u>
AMOUNTS FALLING DUE 2-5 YEARS		
Bank loans	2,078,955	2,409,823
	<u>2,078,955</u>	<u>2,409,823</u>
	<u>2,333,307</u>	<u>2,527,516</u>

Bank loans are secured by the assets of the group as a whole.

EDWARD BENCE HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

21. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	Group 2022 £	Group 2021 £
Within one year	10,455	23,370
Between 1-5 years	-	5,571
	<u>10,455</u>	<u>28,941</u>

Hire purchase and finance lease liabilities are secured against the assets to which they relate.

22. DEFERRED TAXATION

Group

	2022 £	2021 £
At beginning of year	(229,272)	(180,171)
Charged to profit or loss	11,276	(49,101)
AT END OF YEAR	<u>(217,996)</u>	<u>(229,272)</u>

Company

	2022 £	2021 £
At beginning of year	8,419	5,725
Charged to profit or loss	(8,419)	2,694
AT END OF YEAR	<u>-</u>	<u>8,419</u>

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Accelerated capital allowances	(217,996)	(238,948)	-	-
Tax losses carried forward	-	8,419	-	8,419
Short term timing differences	-	1,257	-	-
	<u>(217,996)</u>	<u>(229,272)</u>	<u>-</u>	<u>8,419</u>

EDWARD BENCE HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2022

23. SHARE CAPITAL

	2022 £	2021 £
ALLOTTED, CALLED UP AND FULLY PAID		
200 (2021: 200) Ordinary shares of £1.00 each	200	200

24. RESERVES

Profit and loss account

This reserve represents the accumulation of prior and current period profits and losses.

25. PENSION COMMITMENTS

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £22,247 (2021: £17,577).

26. COMMITMENTS UNDER OPERATING LEASES

At 31 October 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £
Not later than 1 year	800	-
Later than 1 year and not later than 5 years	2,000	-

27. RELATED PARTY TRANSACTIONS

Included in other creditors due in over 1 year is £51,232 (2021: £51,232) due to Mr E J Bence and Mrs S E Bence, directors of the group. Interest is charged on this loan at 10% per annum. It has been agreed that this amount will not be repaid until after the group has repaid its bank loans

Included within other debtors is £ (2021: £) which is due from Edward Bence Property Limited, a company in which Mr Edward James Bence Jr is a director. During the year, rent of £Nil (2021: £7,200) was paid to Edward Bence Property Limited.

The Company has taken advantage of the exemption available in section 33.1A of FRS102 and not disclosed transactions with other members of a 100% group.

28. CONTROLLING PARTY

The controlling party is Mr Edward John Bence by virtue of his shareholding.

29. FINANCIAL GUARANTEE

The company and its subsidiary undertakings have total bank loans amounting to £2,333,307 (2021: £2,527,516) which are secured on the assets of the group as a whole.

EDWARD BENCE HOTELS LIMITED**COMPANY DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 2022**

	Note	2022 £	2021 £
		<u> </u>	<u> </u>
GROSS PROFIT		<u> - </u>	<u> - </u>
GROSS PROFIT %		0.0 %	0.0 %
LESS: OVERHEADS			
Administration expenses		<u>(56)</u>	<u>(3,763)</u>
OPERATING LOSS		<u>(56)</u>	<u>(3,763)</u>
Interest receivable		799	-
Investment income		-	44,167
Tax on profit on ordinary activities		<u>(8,419)</u>	<u>2,694</u>
(LOSS)/PROFIT FOR THE YEAR		<u><u>(7,676)</u></u>	<u><u>43,098</u></u>

EDWARD BENCE HOTELS LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

	2022	2021
	£	£
Auditors' remuneration	2,750	-
Auditors' remuneration - non-audit	-	3,763
Admin - spare	(2,694)	-
	56	3,763
	2022	2021
	£	£
Bank interest receivable	799	-
	799	-
	2022	2021
	£	£
Income from investments in group companies	-	44,167
	-	44,167