

COMPANY REGISTRATION NUMBER 05433298

FUTURE INNS, PLYMOUTH GP, LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2022

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FUTURE INNS, PLYMOUTH GP, LIMITED
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YEAR ENDED 31 DECEMBER 2022

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FUTURE INNS, PLYMOUTH GP, LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 DECEMBER 2022

Board of directors	D G Brett M J Brett
Company secretary	G J Stockman
Registered office	Hemingway Road Cardiff CF10 4AU

FUTURE INNS, PLYMOUTH GP, LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2022

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the business during the year was the management and provision of franchised services and transactions on behalf of Future Inns, Plymouth, Limited Partnership, the principal activity of which is the running of a hotel.

Future Inns, Plymouth General Partner, Limited Partnership is the General Partner of Future Inns, Plymouth GP, Limited.

DIRECTORS

The directors who served the company during the year were as follows:

D G Brett

M J Brett

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' 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), including FRS 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 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 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 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.

FUTURE INNS, PLYMOUTH GP, LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2022

SMALL COMPANY PROVISION

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Signed by order of the directors

Del Brett

Del Brett (Mar 30, 2023 14:36 GMT+1)

D G Brett

Director

Approved by the directors on 30/03/2023

FUTURE INNS, PLYMOUTH GP, LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
TURNOVER		-	-
Administrative expenses		(3,067)	(1,377)
LOSS BEFORE TAXATION	2	<u>(3,067)</u>	<u>(1,377)</u>
Tax on loss	3	-	-
RETAINED LOSS FOR THE FINANCIAL YEAR		<u>(3,067)</u>	<u>(1,377)</u>

The notes on pages 6 to 9 form part of these financial statements.

FUTURE INNS, PLYMOUTH GP, LIMITED**BALANCE SHEET****YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	£	2021 £	£
FIXED ASSETS					
Investments	5		1,000		1,000
CURRENT ASSETS					
Debtors	6	17,797		21,548	
Cash at bank		566,553		429,809	
		584,350		451,357	
CREDITORS: Amounts falling due within one year	7	(591,068)		(455,008)	
NET CURRENT LIABILITIES			(6,718)		(3,651)
TOTAL ASSETS LESS CURRENT LIABILITIES			(5,718)		(2,651)
CAPITAL AND RESERVES					
Called-up equity share capital	10		1		1
Profit and loss account			(5,719)		(2,652)
EQUITY SHAREHOLDER'S FUNDS			(5,718)		(2,651)

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the period in question in accordance with section 476 of the Act.

The directors acknowledge their responsibility for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provision applicable to companies subject to the small companies' regime as set out within Part 15 of the Companies Act 2006.

These financial statements were approved and authorised for issue by the directors on 30/03/2023 and are signed on their behalf by:

Del Brett
Del Brett (Mar 30, 2023 14:26 GMT+1)

D G Brett
Director
Company registered number 05433298

The notes on pages 6 to 9 form part of these financial statements.

FUTURE INNS, PLYMOUTH GP, LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES

Basis of preparation of the financial statements

Future Inns, Plymouth, GP, Limited is a private company limited by shares, incorporated in England and Wales. The address of the registered office is Hemingway Road, Cardiff CF10 4AU.

These financial statements are prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" as applied in the context of the small entities regime.

The following principal accounting policies have been applied:

Consolidation

The company has not prepared financial statements consolidating the results of its investment in Future Inns, Plymouth, Limited Partnership on the grounds that severe long-term restrictions exist. The company has taken exemption from producing group financial statements consolidating the results of Future Inns, Plymouth General Partner, Limited Partnership under Section 398 of the Companies Act 2006 on the grounds that it is a small group. The financial statements therefore provide information about the company and not its group.

Going concern

The financial statements are prepared on a going concern basis.

The Director has reviewed the company's forecasts and projection, taking into account the possible changes in trading performance, the abatement of impact of coronavirus shown, and the unwinding of government support measures, and has deemed that the company should be able to continue to operate within the level of its current facilities.

The Director has a reasonable expectation that the company has adequate resources to continue to operate and is prepared to defer payment of management and franchise fees to support the cash needs of the business and obtain funds from other Future Inns entities should it be required. Thus, the financial statements have been prepared on a going concern basis of accounting.

FUTURE INNS, PLYMOUTH GP, LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES *(continued)*

Investments

Investments are stated at cost. Provision is made for any impairment in value.

Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank.

2. LOSS BEFORE TAXATION

Loss before taxation is stated after charging:

	2022	2021
	£	£
Directors' emoluments	-	-

3. TAXATION

No charge to corporation tax has arisen during the year, as a result of the company's principal activity.

4. EMPLOYEES

There were no employees during the current or previous year.

FUTURE INNS, PLYMOUTH GP, LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR ENDED 31 DECEMBER 2022**

5. INVESTMENTS

	Unlisted Investments £
COST	
At 1 January 2021	1,000
At 31 December 2021	<u>1,000</u>
NET BOOK VALUE	
At 31 December 2021	<u>1,000</u>
At 31 December 2020	<u>1,000</u>

Future Inns, Plymouth GP, Limited is the General Partner of Future Inns, Plymouth, Limited Partnership and under the terms of the partnership agreement had to contribute £1,000 to the capital of the partnership.

During the year ended 31 December 2022, Future Inns, Plymouth, Limited Partnership generated a loss of £1,909,065 (2021 – profit of £4,374,987). At the year end, the balance on the capital and income accounts of the General Partner was £1,000 (2021 - £1,000) and the balance on the capital and income accounts of the Limited Partners was £3,109,069 (2021 - £5,563,510).

The Head Office of Future Inns, Plymouth, Limited Partnership and Future Inns, Plymouth General Partner, Limited Partnership is Queensgate South, Hemingway Road, Cardiff CF10 4AU. Copies of the financial statements for the year ended 31 December 2022 are to be appended to the financial statements filed at Companies House.

6. DEBTORS

	2022 £	2021 £
Amounts owed by related undertakings	<u>17,797</u>	<u>21,548</u>

7. CREDITORS: Amounts falling due within one year

	2022 £	2021 £
Amounts owed to related undertakings	576,842	439,069
VAT	<u>14,266</u>	<u>15,939</u>
	<u>591,068</u>	<u>455,008</u>

FUTURE INNS, PLYMOUTH GP, LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2022

8. RELATED PARTY TRANSACTIONS

The company is the General Partner of Future Inns, Plymouth, Limited.

At the year end, the company was owed £17,797 (2021 - £21,548) by Future Inns, Plymouth, Limited Partnership in respect of management and franchise fees

The company owed Future Inns, Plymouth General Partner, Limited Partnership £576,842 (2021 - £439,069) in respect of franchise fees at the year end.

The company is controlled by its directors and shareholders, D G Brett and M J Brett.

9. BANK FACILITIES

A composite guarantee is held between Future Inns, Cardiff, Limited Partnership, Future Inns, Plymouth, Limited Partnership, Future Inns, Bristol, Limited Partnership, Future Inns, Bristol GP, Limited, Future Inns, Bristol Nominee, Limited, Future Inns, UK, Limited, Future Inns Nominees Limited, Future Inns, Plymouth GP, Limited and Future Inns, Plymouth Nominee, Limited in favour of Coutts Bank Plc. Group indebtedness as at 31 December 2022 totalled £20,870,585 (2021: 21,711,258). Interest is charged at 2.1% and 2.6% plus SONIA per annum and the loan term ends 29 November 2024.

10. SHARE CAPITAL

Authorised share capital:

	2022	2021
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2022		2021	
	No	£	No	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

REGISTRATION NUMBER LP012746

**FUTURE INNS, PLYMOUTH GENERAL PARTNER,
LIMITED PARTNERSHIP
FINANCIAL STATEMENTS
31 DECEMBER 2022**



COMPANIES HOUSE

FUTURE INNS, PLYMOUTH GENERAL PARTNER, LIMITED PARTNERSHIP

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FUTURE INNS, PLYMOUTH GENERAL PARTNER, LIMITED PARTNERSHIP
REPORT ON BEHALF OF THE GENERAL PARTNER
YEAR ENDED 31 DECEMBER 2022

The general partner has pleasure in presenting its report and the financial statements of the partnership for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

Future Inns, Plymouth General Partner, Limited Partnership is the General Partner of Future Inns, Plymouth GP, Limited which is the General Partner of Future Inns, Plymouth, Limited Partnership. The principal activity of Future Inns, Plymouth, Limited Partnership is the running of a hotel.

STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The General Partner is responsible for preparing the report on behalf of the general partner and the financial statements in accordance with applicable law and regulation.

Company law as applied to qualifying partnerships requires the General Partner to prepare financial statements for each financial year. Under that law the General Partner has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the General Partner must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that year.

In preparing these financial statements, the General Partner is required to:

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

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions, and disclose with reasonable accuracy at any time the financial position of the Partnership, and enable the General Partner to ensure that the financial statements comply with the Companies Act 2006, as applied to qualifying partnerships. The General Partner is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the special provisions for small entities under Part 15 of the Companies Act 2006 as applied to qualifying partnerships.

Del Brett
Del Brett (Mar 30, 2023 14:36 GMT+1)

D G Brett

For and on behalf of Future Inns, Plymouth GP, Limited as General Partner.

Date: 30/03/2023

FUTURE INNS, PLYMOUTH GENERAL PARTNER, LIMITED PARTNERSHIP
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2022

	Year ended 31 Dec 22 £	Year ended 31 Dec 21 £
REVENUE		
Management and franchise fees receivable	295,152	282,691
General Partner Distribution	283,048	-
	<u>578,200</u>	<u>282,691</u>
EXPENSES		
Partnership expenses	(6,525)	-
	<u>571,675</u>	<u>282,691</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		
	<u>571,675</u>	<u>282,691</u>
GENERAL PARTNER'S SHARE OF TOTAL COMPREHENSIVE INCOME	-	-
LIMITED PARTNERS' SHARE OF TOTAL COMPREHENSIVE INCOME	<u>571,675</u>	<u>282,691</u>

The notes on pages 6 to 8 form part of these financial statements.

FUTURE INNS, PLYMOUTH GENERAL PARTNER, LIMITED PARTNERSHIP

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2022

	Note	2022 £	£	2021 £	£
ASSETS					
NON-CURRENT ASSETS					
Investments	4		1,000		1,000
CURRENT ASSETS					
Amounts due from related parties	5		576,842		439,069
TOTAL ASSETS			<u>577,842</u>		<u>440,069</u>
LIMITED PARTNERS' CAPITAL					
Capital account					-
Income account:					
- Balance brought forward		439,069		425,047	
- Share of net profit		571,675		282,691	
- Cash distributions		<u>(433,902)</u>		<u>(268,669)</u>	
			576,842		439,069
			<u>576,842</u>		<u>439,069</u>
GENERAL PARTNER'S CAPITAL					
Capital account	6		1,000		1,000
Income account:					-
- Share of net profit			-		-
Total General Partner's Capital			<u>1,000</u>		<u>1,000</u>
TOTAL EQUITY			<u>577,842</u>		<u>440,069</u>

The general partner is satisfied that the company is entitled to exemption from the provisions of the Companies Act 2006 as applied to qualifying partnership relating to the audit of the financial statements for the year by virtue of section 477, and that no member or members have requested an audit pursuant to section 476 of the Act.

FUTURE INNS, PLYMOUTH GENERAL PARTNER, LIMITED PARTNERSHIP

STATEMENT OF FINANCIAL POSITION *(continued)*

31 DECEMBER 2022

The general partner acknowledges its responsibility for:

- (i) ensuring that the partnership keeps proper accounting records which comply with section 386 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the partnership as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of sections 394 and 395, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the qualifying partnership.

These financial statements have been prepared in accordance with the special provision for small entities under Part 15 of the Companies Act 2006, as applied to qualifying partnerships.

The financial statements were approved by the General Partner on 30/03/2023

D G Brett

D G Brett (Mar 30, 2023 14:36 GMT+1)

D G Brett

For and on behalf of Future Inns, Plymouth GP, Limited (in its capacity as General Partner of Future Inns, Plymouth General Partner, Limited Partnership)

Registration Number: LP012746

The notes on pages 6 to 8 form part of these financial statements.

FUTURE INNS, PLYMOUTH GENERAL PARTNER, LIMITED PARTNERSHIP
STATEMENT OF CHANGES IN PARTNERS' CAPITAL
YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
LIMITED PARTNERS' CAPITAL		
Balance at 1 January 2022	439,069	425,047
SHARE OF COMPREHENSIVE INCOME	571,675	282,691
	<u>1,010,744</u>	<u>707,738</u>
Cash distributions	(433,902)	(268,669)
Balance at 31 December 2022	<u>576,842</u>	<u>439,069</u>
Allocated as follows:		
Capital account	<u>-</u>	<u>-</u>
Income account	<u>576,842</u>	<u>439,069</u>
GENERAL PARTNER'S CAPITAL		
Balance at 1 January 2022	<u>1,000</u>	<u>1,000</u>
SHARE OF COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>
	<u>1,000</u>	<u>1,000</u>
Cash distributions	<u>-</u>	<u>-</u>
Balance at 31 December 2022	<u>1,000</u>	<u>1,000</u>
Allocated as follows:		
Capital account	<u>1,000</u>	<u>1,000</u>
Income account	<u>-</u>	<u>-</u>

The notes on pages 6 to 8 form part of these financial statements.

FUTURE INNS, PLYMOUTH GENERAL PARTNER, LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

1. DESCRIPTION OF BUSINESS

Future Inns, Plymouth General Partner, Limited Partnership is a limited partnership formed under the Limited Partnership Act 1907. The partnership manages and provides franchised services on behalf of Future Inns, Plymouth, Limited Partnership and earns management and franchise fees and a share of net profit as prescribed under the partnership agreement.

The registered office is at Queensgate South, Hemingway Road, Cardiff, CF10 4JY.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements are prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" as applied in the context of the small entities regime.

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards and the Future Inns, Plymouth General Partner, Limited Partnership agreement.

These financial statements reflect the operations of Future Inns, Plymouth General Partner, Limited Partnership. They do not include all the assets, liabilities and earnings of the partners. No provision has been made in these financial statements for income taxes, which are the responsibility of each partner.

The financial statements have been prepared on a going concern basis.

Going concern

The financial statements are prepared on a going concern basis.

The General Partner has reviewed the partnership's forecasts and projection, taking into account the possible changes in trading performance, the abatement of impact of coronavirus shown, and the unwinding of government support measures, and has deemed that the partnership should be able to continue to operate within the level of its current facilities.

The General Partner has a reasonable expectation that the partnership has adequate resources to continue to operate and is prepared to defer payment of management and franchise fees to support the cash needs of the business and obtain funds from other Future Inns entities should it be required. Thus, the financial statements have been prepared on a going concern basis of accounting.

FUTURE INNS, PLYMOUTH GENERAL PARTNER, LIMITED PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Consolidation

The partnership has not prepared financial statements consolidating the results of its investment in Future Inns, Plymouth, Limited Partnership on the grounds that severe long term restrictions exist.

Revenue recognition

The revenue shown in the statement of comprehensive income represents management and franchise income receivable in the year.

Investments

Investments are stated at cost. Provision is made for any impairment in value.

Financial instruments

Related party receivables and payables are classified as basic financial instruments and measured at initial recognition at transaction price, and subsequently at amortised cost using the effective interest rate method. A provision is established where there is objective evidence that the partnership will not be able to collect all amounts due.

Financial liabilities and equity instruments issued by the partnership are classified in accordance with the substance of the contractual arrangement entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the partnership after deducting all of its liabilities. Equity instruments issued by the partnership are recorded at the proceeds received, net of direct issue costs.

3. EMPLOYEES

There were no employees during the current or previous year.

4. INVESTMENTS

	Unlisted Investments £
COST	
At 1 January 2022	1,000
Additions	-
At 31 December 2022	<u>1,000</u>
NET BOOK VALUE	
At 31 December 2022	<u>1,000</u>
At 31 December 2021	<u>1,000</u>

Future Inns, Plymouth General Partner, Limited Partnership is the General Partner of Future Inns, Plymouth GP, Limited and under the terms of the partnership agreement had to contribute £1,000 to the capital of the partnership.

FUTURE INNS, PLYMOUTH GENERAL PARTNER, LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

5. RELATED PARTY TRANSACTIONS

In accordance with the partnership agreement, management and franchise fees of 8% of room hire revenue and 3% of other revenues receivable by Future Inns, Plymouth, Limited Partnership are payable to the partnership for completing its delegated duties. These duties were delegated by Future Inns, Plymouth GP, Limited, the holder of 100% of the general partner's interest in the partnership. Management and franchise fees of £295,152 (2021: £282,691) were receivable by the partnership during the year in respect of this agreement. The General Partner has decided not to waive the fees due from the partnership in respect of the year ended 31 December 2022 (2021: 5% waived). As at 31 December 2022, the partnership was owed £576,842 (2021: £439,069) by Future Inns, Plymouth GP, Limited, in respect of management and franchise fees.

6. PARTNERS' CAPITAL AND SHARING OF INCOME

The income and losses are allocated to the limited partners under the terms of the limited partnership agreement and are reduced by cash distributions. Net gains and losses are distributed 100% to the limited partners. Income arising in respect of the management and franchise fees are allocated to Del Brett and income arising in respect of cash distributions are split 50% to each limited partner.

Movements in partners' capital accounts during the period:

	31 Dec 22	31 Dec 21
	£	£
General partner's capital account	1,000	1,000
	<hr/>	<hr/>
Limited partners' capital accounts	-	-
	<hr/>	<hr/>

The General Partner has contributed £1,000 to the capital of the partnership.

REGISTRATION NUMBER LP010321

FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP
ANNUAL REPORT
31 DECEMBER 2022



COMPANIES HOUSE

FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

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FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP

REPORT ON BEHALF OF THE GENERAL PARTNER

YEAR ENDED 31 DECEMBER 2022

I'm pleased to attach audited statements of account for Future Inns, Plymouth, Limited Partnership for the financial year ending 31 December 2022 to provide a discussion of the continuing strength of the recovery of our business during 2022.

Through 2022 the hotel sector faced a series of challenges, as did the broader economy. Early months of 2022 were impact by the Omicron variant, associated operating restrictions and reduced travel. The hotels experienced cost pressures, including wages, utilities, general inflation, increased expenditures on furniture, fixtures and equipment and interest expense. The hospitality sector has experiences staffing challenges to recruiting and retain staff, which has led to wage pressures, staff turnover and increased training. Increasing costs, have presented the hospitality sector with a necessity to increase average room rates and revenues, to preserve profit margins.

The hotels benefited the continuation of government support measures, including the reduced VAT rate of 12.5% during the months first quarter, reduced business rates and the Energy Bill Relief Scheme, which provided some relief to our contracted electricity costs during the fourth quarter.

Through the pandemic and during 2021, the profitability of the Plymouth hotel was aided by the NHS booking of a significant block of room. The NHS booking continued during the first quarter of 2022, but was not renewed during the fourth quarter of 2022, negatively impacting 2022 earnings.

Despite these challenges the Plymouth hotel generated continued income profit before depreciation. For the full year, profit before depreciation was £625,000, versus £1,255,000 in 2021.

	2022	2021
Profit (loss) and total comprehensive income, as reported in the statement of comprehensive income	(1,909,065)	4,374,987
Depreciation	65,977	65,976
Impairment charge	<u>2,468,450</u>	<u>(3,185,907)</u>
Profit (loss) before depreciation, as reported in our management accounts	<u>625,362</u>	<u>1,255,156</u>

The 2022 audited financial statements an impairment provision of £2,468,450 reflecting the decrease in 2022 and forecasted earnings of the Plymouth hotel.

The Plymouth hotel has maintained its strong financial position and liquidity. The hotel's outstanding long-term debt is £6,562,000 (2021 - £6,874,000). The hotel held cash balances of £993,000 (2021 - £1,468,000)

Distributions resumed in February 2022. Distributions were made to Limited Partners during 2022 of £450,000 (2021 - nil). It is anticipated that quarterly distributions will continue through 2023.

Our 2023 budget reflects a continuation of strong trading activity through 2023. Revenues are anticipated to increase, to offset costs pressures (primarily wages, utilities, general inflation and interest expense).

FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP

REPORT ON BEHALF OF THE GENERAL PARTNER

YEAR ENDED 31 DECEMBER 2022

Since our opening in 2009, the Plymouth hotel market has proven to be resilient. Our hotel's established clientele, the strength of its operations, guest satisfaction rankings and our desired location in Plymouth Cabot Circus, will support the continued strength of Future Inns.

STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The General Partner is responsible for preparing the strategic report, the report on behalf of the general partner and the financial statements in accordance with applicable law and regulation.

Company law as applied to qualifying partnerships requires the General Partner to prepare financial statements for each financial year. Under that law the General Partner has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the General Partner must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that year.

In preparing these financial statements, the General Partner is required to:


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

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions, and disclose with reasonable accuracy at any time the financial position of the Partnership, and enable the General Partner to ensure that the financial statements comply with the Companies Act 2006, as applied to qualifying partnerships. The General Partner is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PROVISION OF INFORMATION TO AUDITORS

The General Partner at the time when this report is approved has confirmed that:

- so far as the General Partner is aware, there is no relevant audit information of which the partnership's auditors are unaware, and
- the General Partner has taken all the steps that ought to have been taken as a General Partner in order to be aware of any information needed by the partnership's auditors in connection with preparing their report and to establish that the partnership's auditors are aware of that information.


Del Brett (Mar 21, 2023 14:34 GMT)

D G Brett

Date: 21/03/2023

For and on behalf of Future Inns, Plymouth GP, Limited as General Partner, and also on behalf of Future Inns, Plymouth General Partner, Limited Partnership which has been delegated to carry out certain of the duties of the General Partner.

FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2022

The general partner is pleased to present its Strategic Report for the year ending 31 December 2022.

PRINCIPAL ACTIVITY

The principal activity of the partnership is the management and operation of the Future Inns hotel located in Plymouth.

BUSINESS REVIEW

A comprehensive business review is provided in the report of the general partner on page 1.

The financial performance of the partnership during the year and the financial position of the partnership at the end of the year are detailed on pages 7 and 10-11 respectively.

The key performance indicators (KPIs) reported monthly to key stakeholders and used by management for the purpose of monitoring the performance of the partnership are as follows:

- Earnings before interest, tax, depreciation, amortisation and management and franchise fees (EBITDAM)
- Revenue per available room (RevPAR)
- Debt service cover (calculated as a ratio of EBITDAM to capital and interest payments)

Owing to the factors noted in the report on behalf of the General Partner:

- The hotel generated EBITDAM of £976,000 during 2022 versus £1,746,000 during 2021.
- Revenue per available room during 2022 was £58.45 during the year versus £61.25 during 2021.
- The hotel's debt service cover ratio of 1.7 during 2022 versus 3.4 during 2021.

The Group is in full compliance with its financial covenants at 31 December 2022, and anticipates remaining in compliance with its financial covenants through 2023.

PRINCIPAL RISKS AND UNCERTAINTIES

Future Inns, Plymouth, Limited Partnership is dependent on the continued support of its Limited Partners and the provision of loan finance from the bank. The reliance on bank loan finance also brings with it an element of interest rate risk which is managed via long term financing agreements.

With the abatement of the coronavirus pandemic the hotel's dependence on government support measures has reduced significantly.

While the hotel chain is also susceptible to wider economic change and fluctuations in the discretionary spending power of the population, diversity in the target market ensures that the impact of any such change is minimised.


Del Brett (Mar 21, 2023 14:34 GMT)

D G Brett

Date: 21/03/2023

For and on behalf of Future Inns, Plymouth GP, Limited as General Partner, and also on behalf of Future Inns, Plymouth General Partner, Limited Partnership which has been delegated to carry out certain of the duties of the General Partner.

FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
YEAR ENDED 31 DECEMBER 2022

Opinion

We have audited the financial statements of Future Inns, Plymouth, Limited Partnership (the 'qualifying partnership') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash flows, Statement of Changes in Partners' Capital and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 qualifying partnership's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships.

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 qualifying partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The General Partner is 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.

FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS *(continued)*

YEAR ENDED 31 DECEMBER 2022

Opinions on other matters prescribed by the Companies Act 2006 as applied to qualifying partnerships

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

- the information given in the strategic report and the Report of the General Partner for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Report of the General Partner 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 qualifying partnership and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Report of the General Partner.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to qualifying partnerships 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 the General Partner's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the General Partner

As explained more fully in the Statement of General Partner's Responsibilities set out on page 2, the General Partner is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the General Partner determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the General Partner is responsible for assessing the qualifying partnership'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 General Partner either intends to liquidate the qualifying partnership or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

We obtained a general understanding of the qualifying partnership's legal and regulatory framework through enquiry of management concerning their understanding of relevant laws and regulations, and the entity's policies and procedures regarding compliance. We also drew on our existing understanding of the qualifying partnership's industry and regulation.

We understand that the qualifying partnership complies with the framework through:

- Engaging with independent advisors to perform regular reviews of health & safety procedures in place at sites operated by the qualifying partnership.
- Subscribing to relevant updates from external experts, and updating internal procedures and controls as necessary.

FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS *(continued)*

YEAR ENDED 31 DECEMBER 2022

- The Directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the qualifying partnership's ability to conduct its business and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the qualifying partnership:

- The Companies Act 2006 as applied to qualifying partnerships and FRS 102 in respect of the preparation and presentation of the financial statements.
- The Health and Safety at Work Act 1974.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the qualifying partnership's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were:

- Manipulation of the financial statements, especially revenue, through manual journal entries.
- impairment reviews of assets, as these contain estimates made by management.

These areas were communicated to the other members of the engagement team who were not present at the discussion.

The procedures we carried out to gain evidence in the above areas included:

- Testing a sample of revenue transactions to underlying documentation.
- Challenging management regarding the assumptions used in the impairment reviews and comparison to market data as appropriate.
- Testing journal entries, focussing on specific risk areas based on the qualifying partnership's processes and controls.

Overall, the senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities.

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

Use of our report

This report is made solely to the qualifying partnership's partners, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships. Our audit work has been undertaken so that we might state to the qualifying partnership's partners 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 qualifying partnership and the qualifying partnership's partners as a body, for our audit work, for this report, or for the opinions we have formed.

Carl Deane

Carl Deane (Mar 22, 2023 15:59 GMT)

Carl Deane
Senior Statutory Auditor, for and on behalf of
CLA Evelyn Partners Limited
Statutory Auditor
Chartered Accountants

Portwall Place
Portwall Lane
Bristol
BS1 6NA

Date: 22/03/2023

FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2022

		Year ended 31 Dec 22 £	Year ended 31 Dec 21 £
REVENUE	Page 8	4,453,192	4,365,321
EXPENSES			
Controllable expenses	Page 8	(2,027,474)	(1,499,825)
Payroll expenses	Page 9	(1,386,528)	(1,171,458)
Business rates		(61,834)	(22,869)
		(3,475,836)	(2,694,152)
PROFIT BEFORE INTEREST, IMPAIRMENT, DEPRECIATION AND GENERAL PARTNER'S REMUNERATION		977,356	1,671,169
Depreciation	Note 5	(65,977)	(65,976)
Other income	Note 6	238,439	85,258
PROFIT BEFORE INTEREST, IMPAIRMENT AND GENERAL PARTNER'S REMUNERATION		1,149,818	1,690,451
Impairment (charge)/reversal	Note 5	(2,468,450)	3,185,807
PROFIT BEFORE INTEREST AND GENERAL PARTNER'S REMUNERATION		(1,318,632)	4,876,258
Interest on debt		(295,281)	(218,580)
(LOSS)/PROFIT BEFORE GENERAL PARTNER'S REMUNERATION		(1,613,913)	4,657,678
General Partner's remuneration	Note 10	(295,152)	(282,691)
(LOSS)/PROFIT AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(1,909,065)	4,374,987
GENERAL PARTNER'S SHARE OF TOTAL COMPREHENSIVE INCOME/(LOSS)		(95,376)	(187,672)
LIMITED PARTNERS' SHARE OF TOTAL COMPREHENSIVE (LOSS)/INCOME		(2,004,441)	4,187,315

FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP
DETAILED BREAKDOWN OF INCOME AND EXPENSES
YEAR ENDED 31 DECEMBER 2022

REVENUE	Year ended 31 Dec 22 £	Year ended 31 Dec 21 £
Room revenue	3,050,958	3,197,036
Restaurant revenue	1,212,454	1,004,315
Conference revenue	178,373	133,056
Other revenue	11,407	30,914
	<u>4,453,192</u>	<u>4,365,321</u>
EXPENSES		
Controllable expenses		
Professional fees	78,246	53,373
Advertising	21,761	19,358
Food purchases	340,354	224,338
Beverage purchases	89,317	59,556
Consumable supplies	24,909	21,267
Cleaning supplies	55,829	39,825
Commissions	309,315	288,681
Credit card charges	46,953	39,432
Dry cleaning and other guest services	14,732	9,020
IT services	83,050	80,933
Electricity	347,702	195,839
Insurance	39,076	35,248
Bank charges	6,732	144
Licenses	7,242	6,299
Office and printed supplies	11,496	8,818
FF&E replacement	118,343	48,669
Repairs and maintenance	96,043	108,334
Training and payroll expense	21,847	10,820
Room supplies	52,047	38,354
Security	4,342	3,785
Telephone	10,549	8,478
Bad debts	158	759
Water and gas	132,176	94,049
Head office costs	115,255	104,446
	<u>2,027,474</u>	<u>1,499,825</u>

FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP
DETAILED BREAKDOWN OF INCOME AND EXPENSES *(continued)*
YEAR ENDED 31 DECEMBER 2022

Payroll expenses	Year ended 31 Dec 22 £	Year ended 31 Dec 21 £
Hotel and restaurant wages	1,290,090	1,095,879
Hotel and restaurant NI	75,702	58,232
Hotel and restaurant pension	20,736	17,347
	<u>1,386,528</u>	<u>1,171,458</u>

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

	2022 No.	2021 No.
Management and administration staff	13	15
Service staff	53	46
	<u>66</u>	<u>61</u>

Total remuneration of key management personnel for the year was £84,877 (2021: £79,047).

FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2022

	Note	31 Dec 22 £	31 Dec 21 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	9,530,000	12,159,831
CURRENT ASSETS			
Inventories		15,346	11,109
Accounts receivable		60,418	36,463
Prepaid expenses		67,657	45,705
Cash at bank and in hand		992,943	1,467,553
		1,136,364	1,560,830
TOTAL ASSETS		10,666,364	13,720,661
LIABILITIES			
CURRENT LIABILITIES			
Current portion of long-term debt	7	478,252	365,341
Booking deposits		28,923	31,752
Accounts payable		180,907	158,766
Amounts due to related parties	8	604,614	599,072
Other debts due to General Partner	8, 10	17,797	21,548
Other taxes and social security costs		41,973	44,223
Other liabilities and accruals		171,200	315,866
Finance lease liability		-	1,603
		1,523,666	1,538,171
LONG-TERM DEBT	7	6,032,629	6,430,308
TOTAL LIABILITIES		7,556,295	7,968,479

FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP

STATEMENT OF FINANCIAL POSITION *(continued)*

31 DECEMBER 2022

	Note	31 Dec 22	31 Dec 21
		£	£
LIMITED PARTNERS' CAPITAL			
Capital account	10	6,000,000	6,000,000
Income account			
- Balance brought forward		(436,490)	(4,623,805)
- Share of profit		(2,004,441)	4,187,315
- Cash Distributions		(450,000)	-
- Balance carried forward		(2,890,931)	(436,490)
Total Limited Partners' Capital		3,109,069	5,563,510
GENERAL PARTNER'S CAPITAL			
Capital account	10	1,000	1,000
Income account			
- Balance brought forward		187,672	187,672
- Share of profit		95,376	-
-Cash Distributions		(283,048)	-
- Balance carried forward		-	187,672
Total General Partner's Capital		1,000	188,672
TOTAL EQUITY		3,110,069	5,752,182
		10,666,364	13,720,661
PARTNERS' INTEREST			
Loans and other debts due to members	10	17,797	21,548
Partners' Equity		3,110,069	5,752,182
TOTAL PARTNERS' INTEREST		3,127,866	5,773,730

These financial statements were approved and authorised for issue by the General Partner on 21/03/2023 and are signed on their behalf by:

Del Brett
Del Brett (Mar 21, 2023 14:34 GMT)

D G Brett

For and on behalf of Future Inns, Plymouth GP, Limited as General Partner, and also on behalf of Future Inns, Plymouth General Partner, Limited Partnership which has been delegated to carry out certain of the duties of the General Partner.

Registration Number: LP010321

FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2022

	Year ended 31 Dec 22 £	Year ended 31 Dec 21 £
NET CASH GENERATED FROM OPERATING ACTIVITIES	506,247	1,599,386
INVESTING ACTIVITIES		
Proceeds on sale of tangible assets	333,843	-
NET CASH GENERATED FROM INVESTING ACTIVITIES	333,843	-
FINANCING ACTIVITIES		
Repayment of borrowings	(311,516)	(326,336)
Interest	(268,533)	(186,335)
Finance lease repayments	(1,603)	(8,978)
Cash distributions	(733,048)	-
Repayment of subordinated debt	-	(540,000)
NET CASH USED IN FINANCING ACTIVITIES	(1,134,700)	(1,061,649)
Net (decrease)/increase in cash and cash equivalents	(471,610)	537,737
Cash and cash equivalents at the beginning of the year	1,467,553	929,816
Cash and cash equivalents at the end of the year	992,943	1,467,553
CASH AND CASH EQUIVALENTS CONSISTS OF:		
Cash at bank and in hand	992,943	1,467,553

NET CASH GENERATED FROM OPERATING ACTIVITIES

	Year ended 31 Dec 22 £	Year ended 31 Dec 21 £
Net (loss)/profit	(1,909,065)	4,374,987
Depreciation	65,977	65,976
Interest expensed to statement of income	295,281	218,580
Gain on sale of tangible assets	(238,439)	-
(Increase)/Decrease in inventories	(4,237)	557
Increase in debtors	(45,907)	(7,241)
(Decrease)/Increase in creditors	(125,813)	132,333
Impairment charge/(reversal)	2,468,450	(3,185,806)
Net cash inflow from operating activities	506,247	1,599,386

FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP
STATEMENT OF CHANGES IN PARTNERS' CAPITAL
YEAR ENDED 31 DECEMBER 2022

	Year ended 31 Dec 22 £	Year ended 31 Dec 21 £
LIMITED PARTNERS' CAPITAL		
Balance at beginning of year	5,563,510	1,376,195
SHARE OF COMPREHENSIVE (EXPENSE)/INCOME	(2,004,441)	4,187,315
	3,559,069	5,563,510
Cash distributions	(450,000)	-
Balance at end of year	<u>3,109,069</u>	<u>5,563,510</u>
Allocated as follows:		
Capital account	<u>6,000,000</u>	<u>6,000,000</u>
Income account	<u>(2,890,931)</u>	<u>(436,490)</u>
GENERAL PARTNER'S CAPITAL		
Balance at beginning of year	188,672	1,000
SHARE OF COMPREHENSIVE INCOME	95,376	187,672
	284,048	188,672
Cash distributions	(283,048)	-
Balance at end of year	<u>1,000</u>	<u>188,672</u>
Allocated as follows:		
Capital account	<u>1,000</u>	<u>1,000</u>
Income account	<u>-</u>	<u>187,612</u>

Included within Limited Partners' capital is £2,468,450 (2021: £Nil) unrealised losses relating to impairment charges.

Excluding impairment charges, Limited Partners' capital would stand at £5,577,519 (2021: £5,563,510).

FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

1. DESCRIPTION OF BUSINESS

Future Inns, Plymouth, Limited Partnership is a limited partnership formed under the Limited Partnership Act 1907, which runs a 143 room Future Inn with conference facilities and a restaurant in Plymouth, in the United Kingdom.

The registered office is Hemingway Road, Cardiff, CF10 4AU.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements are prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

With the exception of derivative financial instruments which have been recognised at fair value through the statement of comprehensive income, the financial statements have been prepared under the historical cost convention in accordance with the Limited Partnership's accounting policies and the Partnership Agreement.

These financial statements reflect the operations of Future Inns, Plymouth, Limited Partnership. They do not include all the assets, liabilities and earnings of the partners. No provision has been made in these financial statements for income taxes, which are the responsibility of each partner.

Going concern

The financial statements are prepared on a going concern basis.

The General Partner has reviewed the partnership's forecasts and projection, taking into account the possible changes in trading performance, the abatement of impact of coronavirus shown, and the unwinding of government support measures, and has deemed that the partnership should be able to continue to operate within the level of its current facilities.

The General Partner has a reasonable expectation that the partnership has adequate resources to continue to operate and is prepared to defer payment of management and franchise fees to support the cash needs of the business and obtain funds from other Future Inns entities should it be required. Thus, the financial statements have been prepared on a going concern basis of accounting.

Revenue recognition

The revenue shown in the Statement of Comprehensive Income represents amounts for goods sold and services provided during the period, exclusive of Value Added Tax.

FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation

Property, plant and equipment is stated at the lower of cost net of depreciation and impairment charges.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset at the following annual rates:

Plant & Machinery	- 6.6%	straight line
Furniture & Fittings	- 12.5%	straight line

Long Leasehold Land has not been depreciated.

No depreciation is provided on Capital Building & Improvements. It is the Limited Partnership's practice to maintain these assets in a continual state of sound repair. Accordingly, the lives of these assets are so long, and residual values are so high, that their depreciation is insignificant. Moreover, costs incurred on repair and refurbishment programmes are written off to the Statement of Comprehensive Income as incurred.

Annual reviews for indicators of impairment are carried out by the General Partner and should an indicator be identified; a full impairment review is undertaken and a provision for impairment recognised in the financial statements where required.

The interest cost of debt attributable to the construction of the hotel has been capitalised during the construction period.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items.

Leases

Where the partnership enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the statement of financial position as property, plant and equipment and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors.

All other leases are classified as operating with rentals payable under operating lease arrangements charged to statement of comprehensive income on a straight-line basis over the term of the lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the partnership becomes a party to the contractual provisions of the instrument.

FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Trade and other receivables and payables are classified as basic financial instruments and measured at initial recognition at transaction price and, subsequently at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the partnership will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank and short-term bank deposits with an original maturity of three months or less.

Financial liabilities issued by the partnership are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability.

Interest bearing bank loans and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Derivative financial instruments are initially recognised at fair value with subsequent movements in fair value recognised in profit or loss.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Judgements

Financial instruments classification

The classification of financial instruments as “basic” or “other” requires judgement as to whether all the applicable conditions for classification are met. This includes consideration of the form of the instrument and its return.

Key sources of estimation uncertainty

Property, plant and equipment

The property, plant and equipment used within the Limited Partnership have estimated useful lives between 8 and 15 years, with the exception of Long Leasehold Land and Capital building and improvements which are not depreciated as detailed in the accounting policy for Property, Plant and equipment. Overall net book value as at the year-end was £9,530,000 (2021: £12,159,831).

The depreciation charge is sensitive to the lives allocated to the asset. Asset lives are reviewed regularly and amended where necessary to reflect technological change, prospective economic utilisation and the physical condition of the assets. The total charge for the year was £65,977 (2021: £65,976).

FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR ENDED 31 DECEMBER 2022****3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS (continued)****Impairment of assets**

Property, plant and equipment is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount of an asset or cash-generating unit is determined based on value-in-use calculations incorporating assumptions and estimates of discounted future cash flows.

Similarly, where an indicator that an impairment loss recognised in prior periods may no longer exist or may have decreased is identified, a reversal of past impairment is recognised based on the recoverable amount of the cash generating unit. Indicators for the year suggest that based on value in use calculated the amount of impairment to be charged for the year is £2,468,450 (2021: £3,185,807 reversal).

4. MANAGEMENT AND FRANCHISE FEES

In accordance with the License and Management agreement for the operation of the hotel management and franchise fees of £295,152 (2021: £282,691) were due to the General Partner for the year ended 31 December 2022.

The General Partner has waived nil fees due from the partnership in respect of the year ended 31 December 2022 (2021: 5% waived).

5. PROPERTY, PLANT AND EQUIPMENT

	Long Leasehold Land £	Capital Building & Improvements £	Furniture, Fixtures & Plant & Machinery £	Total £
COST				
At 1 January 2022	1,183,989	10,856,277	2,757,483	14,797,749
Additions	-	-	-	-
Disposals	(95,404)	-	-	(95,404)
At 31 December 2022	<u>1,088,585</u>	<u>10,856,277</u>	<u>2,757,483</u>	<u>14,702,345</u>
DEPRECIATION & IMPAIRMENT				
At 1 January 2022	-	-	2,637,918	2,637,918
Charge for the period	-	-	65,977	65,977
Impairment charge	224,960	2,243,490	-	2,468,450
At 31 December 2022	<u>224,960</u>	<u>2,243,490</u>	<u>2,703,895</u>	<u>5,172,345</u>
NET BOOK VALUE				
At 31 December 2022	<u>863,625</u>	<u>8,612,787</u>	<u>53,588</u>	<u>9,530,000</u>
At 31 December 2021	<u>1,183,989</u>	<u>10,856,277</u>	<u>119,565</u>	<u>12,159,831</u>

FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2022

5. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The cost of capital building and improvements includes £524,525 (2021: £524,525) of capitalised interest costs during the construction period.

The net book value of assets held under finance lease arrangements, is £nil (2021: £20,322). The depreciation charged to the statement of comprehensive income in respect of these items is £nil (2021: £1,684).

The General Partner identified that impairment indicators existed and accordingly calculated the value in use. The value in use was calculated based on future cash flow projections over a ten-year period at a discount rate of 11% and applying varying growth rates. The cashflows after year 10 have been calculated based on an exit yield of 9%. An independent valuer assisted the General Partner in determining appropriate assumptions to use in the value in use calculation.

For simplicity, the impairment charge has been apportioned against Long Leasehold Land and Capital Buildings & Improvements as these asset classes are those that are non-depreciating.

6. OTHER INCOME

Other income represents amounts receivable under the job retention scheme in 2021 and in 2022, the amounts relate to the sale of a leasehold interest.

	31 Dec 22 £	31 Dec 21 £
Amounts receivable under the Job Retention Scheme	-	85,257
Profit on sale of leasehold interest in land	238,439	-
	<u>238,439</u>	<u>85,257</u>

FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2022

7. BANK LOAN

Creditors include finance capital, which is due for repayment as follows:

	31 Dec 22 £	31 Dec 21 £
Indebtedness:		
Capital loan	6,337,148	6,588,664
CBILS loan	225,000	285,000
	<u>6,562,148</u>	<u>6,873,664</u>
Net of, unamortised portion of:		
Deferred finance fees	(51,267)	(78,015)
	<u>6,510,881</u>	<u>6,795,649</u>
	31 Dec 22 £	31 Dec 21 £
Amounts repayable:		
In one year or less or on demand	478,252	365,341
In more than one year but not more than two years	6,032,629	372,357
In more than two years but not more than five years	-	6,057,951
	<u>6,510,881</u>	<u>6,795,649</u>

Covenants were not breached at the 2022 year end and are not forecast to be breached at any point in the 12 months following the year end. The loan has therefore been split in the current year financial statements to reflect when payments are due.

A composite guarantee is held between Future Inns, Plymouth, Limited Partnership, Future Inns, Cardiff, Limited Partnership, Future Inns, Bristol, Limited Partnership, Future Inns, Bristol GP, Limited, Future Inns, Bristol Nominee, Limited, Future Inns, UK, Limited, Future Inns Nominees Limited, Future Inns, Plymouth GP, Limited and Future Inns, Plymouth Nominee, Limited in favour of Coutts Bank Plc. Group indebtedness as at 31 December 2022 totalled £20,870,585 (2021: £21,711,258). Interest is charged at 2.1% and 2.6% plus SONIA per annum and the loan term ends 29 November 2024.

During the financial year 2020, the partnership entered into a CBILS loan arrangement with Coutts Bank Plc, for a value of £300,000. This loan was interest and repayment free for the first year, after which quarterly repayments are being made to repay the balance over 5 years, and interest is charged at 3.5% plus the base rate per annum. Coutts Bank Plc holds a mortgage debenture dated 29 November 2019 in the Bank's standard form over the leasehold property. The partnership repaid £60,000 (2021: £15,000) of this debt in the year.

FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2022

8. RELATED PARTY TRANSACTIONS

The General Partner is Future Inns, Plymouth GP, Limited. Future Inns, Plymouth GP, Limited has delegated management responsibilities to Future Inns, Plymouth General Partner, Limited Partnership.

During the year shared expenses incurred by Future Inns, Cardiff, Limited Partnership were recharged to the partnership amounting to £110,116 (2021: £70,428). The amount outstanding at the year-end owed to Future Inns, Cardiff, Limited Partnership was £12,036 (2021: £8,442).

During the year shared expenses were incurred by Future Inns, UK, Limited on behalf of the Limited Partnership totalling £163,919 (2021: £148,999). At the year-end £18,582 (2021: £16,634) was owed to Future Inns, UK, Limited in respect of this.

During the year shared expenses were incurred by the Limited Partnership on behalf of Future Inns, Bristol, Limited Partnership and subsequently recharged amounting to £8,761 (2021: £3,997). The amount outstanding at the year-end due from Future Inns, Bristol, Limited Partnership was £330 (2021: £329).

During the year shared expenses were incurred by the Limited Partnership on behalf of Future Inns, Cardiff, Limited Partnership and subsequently recharged amounting to £6,575 (2021: £5,186). The amount outstanding at the year-end due from Future Inns, Cardiff, Limited Partnership was £3,691 (2021: £225).

At the year-end an amount of £17,797 (2021: £21,548) was owed to Future Inns, Plymouth GP Limited in relation to management and franchise fees. Management and franchise fees of £295,152 (2021: £282,691) were charged in the year.

At 31 December 2022, the partnership owed £571,796 (2021: £571,796) to Marilyn Brett, a partner within the General Partner entity. As at 31 December 2022, the partnership owed £2,200 (2021: £2,200) to Del Brett, a partner within the General Partner entity.

Cash distributions of £450,000 (2021: £nil) were paid in the year to the Limited Partners relative to their capital investment in Future Inns, Plymouth, Limited Partnership. Included in this amount is £59,919 (2021: £nil) to Future Inns, UK Limited. An amount of £15,000 (2021: £nil) was paid to 3068882 Nova Scotia Limited.

The General Partner does not consider there to be an ultimate controlling party of the partnership.

FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2022

8. RELATED PARTY TRANSACTIONS (continued)

A summary balances due to related parties is as follows:

	2022	2021
	£	£
Marilyn Brett	571,796	571,796
Del Brett	2,200	2,200
Future Inns, UK, Limited	18,582	16,634
Future Inns, Cardiff, Limited Partnership	12,036	8,442
	<u>604,614</u>	<u>599,072</u>

9. GENERAL PARTNER'S REMUNERATION

Net loans and other debts due to the General Partner

	General Partner's Income Account £	Loans due to General Partner £
At 1 January 2021	-	7,525
General Partner's remuneration	-	282,691
General Partner's share of total comprehensive income	187,672	-
Drawings	-	(268,669)
At 31 December 2021	<u>187,672</u>	<u>21,548</u>
General Partner's remuneration		295,152
General Partner's share of total comprehensive income	95,376	-
Drawings	-	(298,903)
Cash distributions	(283,048)	-
At 31 December 2022	<u>-</u>	<u>17,797</u>

FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR ENDED 31 DECEMBER 2022****10. PARTNERS' CAPITAL AND SHARING OF INCOME**

The interest of the limited partners in the partnership is divided into 6,000,000 units issued for £1 each. The General Partner has contributed £1,000 to the capital of the partnership.

The income and losses are allocated to the limited partners under the terms of the limited partnership agreement and are reduced by cash distributions. To the extent that net gains for the financial year, if any, on the sale of a capital asset do not exceed net income, the net gains are allocated 60% to the limited partners and 40% to the General Partner. The net income, less any net gains, are allocated, to the extent available, firstly to allocate an amount equal to a rate of return of 12% per annum of the balance credited to the limited partners' invested capital account with any remainder being allocated 60% to the limited partners and 40% to the General Partner.

A net loss in any financial year is allocated to the limited partners unless the net loss exceeds the amount which the limited partners are entitled under applicable law to deduct in a financial year as a consequence of a loss incurred by the partnership in that year, whereby the excess loss is allocated to the General Partner.

Cumulative cash distributions of £1,505,477 (2021:£1,055,477) have been made to Limited Partners in previous years, and in the current year, despite the income account being in debit. Per the Limited Partnership Act 1907, Limited Partners will be liable for the amount of such distributions if the partnership cannot meet its liabilities, until such profits are made to replace the distributions.

Movements in partners' capital accounts during the year are detailed on page 13.

11. ANALYSIS OF NET DEBT

	At 1 January 2022	Cash flows	Non cash movements	At 31 December 2022
	£	£	£	£
Total cash and cash equivalents	1,467,553	(474,610)	-	992,943
Bank borrowings due within one year	(365,341)	311,516	(424,427)	(478,252)
Bank borrowings due in more than one year	(6,430,308)	-	397,679	(6,032,629)
Finance lease liability due within one year	(1,603)	1,603	-	-
Total borrowings	(6,797,252)	313,119	(26,748)	(6,510,881)
Net debt	(5,329,699)	(161,491)	(26,748)	(5,517,938)