Registered number
08595845

Lupfaw 374 Limited

Report and Financial Statements

29 December 2022

Lupfaw 374 Limited
Company Information

Directors
P Herbert
D Waddell

Auditor
BDO LLP
55 Baker Street
London
W1U 7EU

Registered office
The Old Library
The Drive
Sevenoaks
Kent
TN13 3AB

Registered number
08595845

Lupfaw 374 Limited
Report and Financial Statements
Contents

Lupfaw 374 Limited
Strategic Report
for the period ended 29 December 2022

The directors present their strategic report for the period ended 29 December 2022. The comparative period was a 57 week period to 30 December 2021.

Business review
The results for the period and financial position are as shown in the annexed financial statements. The directors are optimistic as to the future success of the group. The Company is the holding company of Stanbrook Abbey Hotel Limited that owns and operates the Stanbrook Abbey Hotel. The results and financial position of this subsidiary are consolidated within these financial statements.

The hotel turnover increased by 29% for the period to £3,619k (2021: £2,807k) and the operating loss was £3,428k (2021: £1,073k). Following an impairment review, the subsidiary company recognised an impairment charge of £2,048k over its tangible fixed assets during the period. Further details are given in Note 2.

Rooms performance showed an increase of 9.1% in occupancy and an increase of £13.09 in revpar (revenue per available room) for the period.

Despite the challenging times as a result of COVID-19, and its negative impact on the economy especially within the hospitality industry, the directors still remain optimistic as to the future success of the company.

Principal risks and uncertainties
The directors consider the following to be principal risks and uncertainties facing the group:

• financial and operational impact of the coronavirus pandemic;
• ongoing economic conditions such as recession, currency volatility, inflationary pressures on supply chain, utility prices, and human capital, Brexit, the ongoing conflict in Ukraine, and other macroeconomic factors;
• leisure and conferencing buying patters;
• changes to government regulations including legislation on employees, environmental and health and safety;
• natural disasters.

The directors take a regular review of the group's exposure to these risks.

Expansion for the future
We are maintaining our investment in constantly upgrading and improving our existing bedroom stock.

Environment
The hotel operates in a beautiful location and it is in our best interests to minimise the impact upon the environment, particularly by energy saving initiatives within the hotel.

Lupfaw 374 Limited
Strategic Report (continued)
for the period ended 29 December 2022

Personnel
We fully understand that our employees are the most valuable asset in the group. We continue to invest in training and skills development programmes. We intend to continue our philosophy and invest in our staff. The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

This report was approved on behalf of the board and signed on 27 September 2023.

D Waddell
Director

Lupfaw 374 Limited
Registered number: 08595845
Directors' Report

The directors present their report and the financial statements for the 52 week period ended 29 December 2022 (2021: 57 week period).

Principal activity

The company's only activity during the period was the continued investment in its subsidiary company.

Results and dividends

The consolidated and company loss before tax for the period was £3,428k (2021: £1,072k). The company loss reflects the loss made in it's subsidiary that has resulted in the directors recognising an impairment in the company investment in its subsidiary.

No dividends were paid during the current or previous period.

Going concern

The company and wider group have been negatively impacted by Coronavirus during 2020-22, and more recently impacted by high inflation, rising interest rates and other economic factors impacting on consumer spending and costs, including wages, utilities, food and beverage. These have been and continue to be closely monitored and responded to by the company and group directors. Further information in this regard is provided in Note 1 to these financial statements, including the basis on which the board have concluded that it remains appropriate to adopt the going concern basis of preparation.

Directors

The following persons served as directors during the period :

D Waddell	
P Herbert	(appointed on 21 October 2022)
H O'Connor	(resigned on 21 October 2022)

Directors' responsibilities

The directors are responsible for preparing the Group 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 Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and 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 group and of the profit or loss of the company and group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and;
- 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.

Lupfaw 374 Limited
Registered number: 08595845
Directors' Report

Provision of information to auditor

Each person who was a director at the time when this report was approved has confirmed that:
• so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware;
• the director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing their report and to establish that the company's auditor is aware of that information.

This report was approved by the board on 27 September 2023 and signed on its behalf.

D Waddell
Director

Lupfaw 374 Limited
Independent Auditor's Report
to the members of Lupfaw 374 Limited

Opinion on the financial statements

In our opinion, the financial statements:
- give a true and fair view of the state of the group's and company's affairs as at 29 December 2022 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Lupfaw 374 Limited (the 'Company') and its subsidiary (the "Group") for the period ended 29 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty 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.

We draw attention to Note 1 to the financial statements, which explains that the Company remains reliant on the ongoing support of the ultimate shareholders, which is not legally binding, to enable them to continue as a going concern. As explained in Note 1, these events, along with the other matters set out in Note 1, indicate that a material uncertainty exists that may cast significant doubt over and Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

Other Companies Act 2006 reporting

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

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Extent to which the audit was capable of detecting irregularities, including fraud

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 an understanding of the legal and regulatory frameworks that are applicable to the Company. These include, but are not limited to, compliance with the Companies Act, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.
- We considered compliance with these laws and regulations through discussions with management and those charged with governance.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. We identified the potential for in the following areas and performed the following procedures:

o management override of controls: we evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates and judgements. Audit procedures performed included:

o challenging assumptions made by management in their significant accounting estimates;
o identifying and testing journal entries, in particular any journal entries to revenue which are not in line with expectations and reviewing journal entries for journals inconsistent with the usual transactions of the company.

o revenue recognition: existence of revenue, application of cut off at, and measurement of accrued income to, the year-end. We reconciled annual revenue to cash receipts, reviewed transactions pre and post year end to check that the associated revenue is reflected in the correct period.

• We identified areas at risk of management bias and reviewed key estimates and judgements applied by Management in the financial statements to assess their appropriateness; and
• We remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Ian Clayden
E25A0E124BD44AA...

Ian Clayden (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

Date: 27 September 2023

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

Lupfaw 374 Limited
Consolidated Statement of Comprehensive Income
for the period ended 29 December 2022

	Notes	Period ended 29 December 2022 £	Period ended 30 December 2021 £
Turnover	3	3,619,435	2,806,704
Cost of sales		(821,826)	(600,548)
Gross profit		2,797,609	2,206,156
Administrative expenses		(4,183,654)	(3,396,905)
Other operating income		6,000	115,783
Impairment charge of fixed assets		(2,048,205)	-
Profit on disposal of tangible fixed assets		-	2,400
Operating loss	4	(3,428,250)	(1,072,566)
Tax on loss on ordinary activities	6	-	-
Loss for the period		(3,428,250)	(1,072,566)
Other comprehensive income for the period		-	-
Total comprehensive loss for the periods		(3,428,250)	(1,072,566)

All amounts relate to continuing operations.

The notes on pages 12 to 23 form part of these financial statements.

Lupfaw 374 Limited
Consolidated and Company Statements of Financial Position
as at 29 December 2022

	Notes	29 December 2022		30 December 2021	
		Group	Company	Group	Company
		£	£	£	£
Fixed assets					
Tangible assets	7	8,949,999	-	11,293,144	-
Investments	8	-	73,287	-	3,501,537
		8,949,999	73,287	11,293,144	3,501,537
Current assets					
Stocks	9	42,889	-	43,235	-
Debtors	10	137,314	1	240,786	1
Cash and cash equivalents		1,134,065	65	256,938	65
		1,314,268	66	540,959	66
Creditors: amounts falling due within one year	11	(10,191,018)	(104)	(8,332,604)	(104)
Net current liabilities		(8,876,750)	(38)	(7,791,645)	(38)
Net assets		73,249	73,249	3,501,499	3,501,499
Capital and reserves					
Called up share capital	12	12,209,530	12,209,530	12,209,530	12,209,530
Profit and loss account	13	(12,136,281)	(12,136,281)	(8,708,031)	(8,708,031)
Total equity		73,249	73,249	3,501,499	3,501,499

No profit and loss account is presented for Lupfaw 374 Limited as permitted by section 408 of the Companies Act 2006. The company loss for the period ending 29 December 2022 is £3,428,250 (2021: £3,044,210).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 September 2023.

D Waddell
Director

The notes on pages 12 to 23 form part of these financial statements.

Lupfaw 374 Limited
Consolidated and Company Statements of Changes in Equity
for the period ended 29 December 2022

Group	Share capital £	Profit and loss account £	Total equity £
At 27 November 2020	12,209,530	(7,635,465)	4,574,065
Loss for the period	-	(1,072,566)	(1,072,566)
At 30 December 2021	12,209,530	(8,708,031)	3,501,499
Loss for the period	-	(3,428,250)	(3,428,250)
At 29 December 2022	12,209,530	(12,136,281)	73,249

Company	Share capital £	Profit and loss account £	Total equity £
At 27 November 2020	12,209,530	(5,663,821)	6,545,709
Loss for the period	-	(3,044,210)	(3,044,210)
At 30 December 2021	12,209,530	(8,708,031)	3,501,499
Loss for the period	-	(3,428,250)	(3,428,250)
At 29 December 2022	12,209,530	(12,136,281)	73,249

The notes on pages 12 to 23 form part of these financial statements.

Lupfaw 374 Limited
Consolidated Statement of Cash Flows
for the period ended 29 December 2022

	2022 £	2021 £
Cash flows from operating activities		
Loss for the financial period	(3,428,250)	(1,072,566)
Adjustments for:		
Depreciation	610,004	656,427
Decrease/(increase) in stocks	346	(25,086)
Decrease/((increase)) in debtors	103,472	(39,150)
Increase/((decrease)) in creditors	458,414	(26,430)
Gain on disposal of tangible fixed assets	-	(2,400)
Impairment charge on tangible fixed assets	2,048,205	-
Net cash (used in)/generated by operating activities	(207,809)	(509,205)
Cash flows from investing activities		
Payments to acquire tangible fixed assets	(315,064)	(149,571)
Proceeds from sale of tangible fixed assets	-	2,400
Net cash used in investing activities	(315,064)	(147,171)
Cash flows from financing activities		
Proceeds from new loans	1,400,000	650,000
Net cash generated by financing activities	1,400,000	650,000
Net increase/(decrease) in cash and cash equivalents	877,127	(6,376)
Cash and cash equivalents at beginning of the period	256,938	263,314
Cash and cash equivalents at the end of the period	1,134,065	256,938
Cash and cash equivalents comprise:		
Cash at bank	1,134,065	256,938

The notes on pages 12 to 23 form part of these financial statements.

1 Accounting policies

General information

Lupfaw 374 Limited is a private limited company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the Strategic Report and Directors' Report.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and 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 management to exercise judgement in applying the group and company's accounting policies (see note 2).

The following principal accounting policies have been applied consistently throughout the preceding and current periods.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No statement of cash flows has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and;
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

Going concern

The company's and groups' business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors report on pages 2 and 3 of these financial statements.

The Group meets its day-to-day working capital requirements through use of its cash and facilities provided by its wider group headed by Hand Picked Hotels Holdings (Guernsey) Limited, for which the Board has requested and received confirmation of intended ongoing parent company support.

As at 29 December 2022, the Group reported net assets of £73k (2021: £3,501k). The Company had no external non-related party borrowings (including overdraft facilities) and this remains the case. In assessing the appropriateness of the going concern assumption, the directors have prepared detailed cash flow forecasts for the company extending beyond 12 months from the date of approval of these financial statements. However, as a hotel operator, it is acknowledged that the global and UK outbreak of Covid-19 has had a profound impact on the business and may continue to do so. Additionally, the UK economy including the leisure and hospitality sector has been subject to increased volatility with regard to supply chain inflation, wage inflation, utility costs, and the related impacts on consumer disposable income and spending. These factors heighten the inherent uncertainty in forecasting the ongoing performance within the hotels sector and therefore the Company and it's subsidiary alike, albeit the board acknowledge that trading conditions are widely to remain challenging in the short term and this continues to have an impact on the company's and group's forecasts.

Lupfaw 374 Limited
Notes to the Financial Statements
for the period ended 29 December 2022

Accounting policies (continued)

Going concern (continued)
The directors of the Company acknowledge that 'full trading' may look very different in future years than it did pre-Covid-19 and the management team have been planning and executing a restructuring of its operations in response to market demand, ultimately to profitably deliver enhanced quality of service at lower rates of occupancy.

In order to mitigate Covid-19 impacts on revenue since the UK became impacted by the pandemic, and in order to protect the longer term interests of the Company and its employees, the Company and wider group took measures to reduce and mitigate its cost base. However, in September 2022, the board announced increases in pay rates for its employees in order to support its workforce during a high inflationary period. Naturally as a significant employer, this will have a material impact on the group's cost base and this has been incorporated into these forecasts. To the extent necessary, shareholders have also provided additional funds in order to meet working capital requirements.

The Company relies on shareholder loans in the form of non-recall and further funds as required, and as such remains reliant on their ongoing support. The directors of the Company have received non-legally binding confirmation that this support will be forthcoming for no less than 12 months from the date of approval of the financial statements and therefore have concluded that is appropriate to prepare the financial statements on a going concern basis.

Insofar as this support not being legally binding, the directors have identified a material uncertainty that may cast significant doubt over the Company's ability to continue as a going concern for no less than 12 months from the date of approval of the financial statements.

The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Basis of consolidation
The group financial statements consolidate the financial statements of Lupfaw 374 Limited and its subsidiary from the date of acquisition, up to the date of disposal, for the period ended 29 December 2022.

No profit and loss account is presented for Lupfaw 374 Limited as permitted by section 408 of the Companies Act 2006. The company generated a loss of £3,428k for the period (2021: loss of £3,044k).

Turnover
Turnover represents amounts receivable for accommodation, food and beverage sales and ancillary hotel services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Turnover is recognised at the point at which goods and services are delivered to the customer. Deposits which have been received at the balance sheet date for which services have not yet been provided are shown as payments in advance within creditors. All turnover arose within the United Kingdom.

Accounting policies (continued)

Government grants
Grants are accounted for under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in "other income" within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough'). The group has not directly benefited from any other forms of government assistance.

Investments
Investments in subsidiaries are measured at cost less accumulated impairment.

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.

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 the statement of comprehensive income.

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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

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, as follows:

Freehold buildings core	50 years
Freehold buildings surface finishes and services	20 years
Fixtures and fittings	4 to 25 years

Freehold land is not depreciated.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, 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 the statement of comprehensive income.

Accounting policies (continued)

Debtors
Short term debtors are measured at transaction price, less any impairment. Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment.

Creditors
Short term creditors are measured at the transaction price. Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

Holiday pay accrual
A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Current and deferred taxation
The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or 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 country where the company operates and generates taxable income.

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

• 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; and
• Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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.

Operating leases
Rentals received under operating leases are credited to the statement of comprehensive income on a straight line basis over the period of the lease.

Accounting policies (continued)

Pensions
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 the statement of comprehensive income 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 company in independently administered funds.

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

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

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

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Related party transactions
The company has taken advantage of the exemption under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose transactions with other wholly owned members of the group.

Investment property
Investment property whose fair value can be measured reliably without undue cost and effort shall be measured at fair value at each reporting date with changes in fair value recognised in profit or loss. All other investment property is accounted for as property, plant and equipment using the cost model.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

- Determine whether there are indicators of impairment of the company's fixed assets. Factors taken into consideration in reaching such decisions include the economic viability and expected future financial performance of the asset and, where it is a component of a larger cash generating unit, the viability and expected future performance of that unit. An impairment charge of £2,048,205 (2021: nil) has been recorded against the tangible fixed assets of the company. The assessment has been based on an independent third party red book valuation of the hotel assets performed by a RICS qualified valuer. The hotel property has been valued by reference to its trading potential, as this is the basis upon which such properties are most commonly bought and sold. Under this approach, the property is valued by assessing its Fair Maintainable Turnover (FMT) and the Fair Maintainable Operating Profit (FMOP) that could be generated at the Property by a Reasonably Efficient Operator (REO) of the business in a stabilised year of operation, which is the basis upon which a potential purchaser would be likely to base an offer. EBITDA has been adopted as the FMOP which is stated prior to deductions for finance costs, taxation, depreciation and amortisation. This figure is then capitalised at a yield which reflects the market's perception of the risk and desirability associated with the subject Property having regard to the sector's approach to value, the availability of properties and each asset's current and future trading potential.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 6)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

3 Turnover

All turnover arose within the United Kingdom and from hotel operations.

4 Operating loss

	2022	2021
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	610,004	444,556
Operating lease rentals - plant and machinery	1,817	1,817
Impairment of tangible fixed assets	2,048,205	-
Auditor's remuneration for audit services	5,892	7,050

5 Staff costs

	2022 £	2021 £
Wages and salaries	1,803,159	1,393,277
Social security costs	133,163	99,120
Other pension costs	46,009	43,166
	1,982,331	1,535,563
Agency staff	298,306	156,730
	2,280,637	1,692,293

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

	Number	Number
Hotel operations	49	37
Administration	5	5
	54	42

None of the directors received any remuneration for the period (2021: £nil).

6 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax at 19% (2021: 19%)	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Tax on profit on ordinary activities	-	-

Factors affecting tax charge for period
The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2022	2021
Loss on ordinary activities before tax	(3,428,250)	(1,072,566)
Loss on ordinary activities multiplied by the standard rate of corporation tax of 19% (2021: 19%)	(651,368)	(203,788)
Effects of:		
Expenses not deductible for corporation tax purposes	-	85,401
Fixed asset differences	465,656	-
Group relief surrendered	160,127	210,514
Deferred tax not recognised	33,664	(45,552)
Difference in tax rates	(8,079)	(46,575)
Total tax charge for period	-	-

6 Taxation *(continued)*

The group has potential unrecognised deferred tax assets of £400,306 (30 December 2021: £194,063) of which £180,563 (30 December 2021: £25,077) relates to fixed asset timing differences and £217,426 (2021: £217,426) relates losses carried forward and £2,317 (30 December 2021: £1,714) relates to short term timing differences.

Factors affecting future tax charges
The substantively enacted tax rate remained at 19% as at the Balance Sheet date.

It was announced on 3 March 2021 that the main rate of corporation tax will increase from 19% to 25% from 1 April 2023. For profits up to £50,000, the corporation tax rate will remain at 19% and for profits over £250,000, the corporation tax rate will be 25%. Marginal relief provisions will also be introduced for profits between the lower and upper limits.

The Government included the above changes in the Finance Bill 2021 that had its third reading on 24 May 2021 and is now (subsequent to the year end) considered substantively enacted.

7 Tangible fixed assets

Group	Freehold Land and buildings £	Fixtures & Fittings £	Total £
Cost			
At 31 December 2021	9,104,388	6,109,993	15,214,381
Additions	178,554	136,510	315,064
Disposals	-	(17,457)	(17,457)
At 29 December 2022	9,282,942	6,229,046	15,511,988
Depreciation			
At 31 December 2021	2,232,613	1,688,624	3,921,237
Charge for the period	18,843	591,161	610,004
Impairment charge	2,048,205	-	2,048,205
Disposals	-	(17,457)	(17,457)
At 29 December 2022	4,299,661	2,262,328	6,561,989
Carrying amount			
At 29 December 2022	4,983,281	3,966,718	8,949,999
At 30 December 2021	6,871,775	4,421,369	11,293,144

Included in freehold land and buildings is freehold land of £4,031,554 which is not depreciated (2021: £3,853,000).

The company did not hold ownership of any tangible fixed assets during the current or previous period.

Lupfaw 374 Limited
Notes to the Financial Statements
for the period ended 29 December 2022

8 Fixed asset Investments

Company only	**Investments in subsidiary undertakings**
	£
Cost	
At 30 December 2021 and at 29 December 2022	12,209,531
Impairment	
Provision as at 30 December 2021	8,707,994
Charge for the period	3,428,250
Provision as at 29 December 2022	12,136,244
Net book value	
At 29 December 2022	73,287
At 30 December 2021	3,501,537

The company has an investment in the following wholly owned subsidiary:

Company	**Country of incorporation**	**Shares held Class**	**%**
Stanbrook Abbey Hotel Limited	England and Wales	Ordinary	100

9 Stocks

	2022	**2021**
	£	**£**
Group		
Goods for resale	42,889	43,235
Company		
Goods for resale	-	-

10 Debtors

	2022	**2021**
	£	**£**
Group		
Trade debtors	80,274	88,183
Amounts owed by group undertakings	1	1
Other debtors	22,198	77,402
Prepayments and accrued income	34,841	75,200
	137,314	240,786
Company		
Amounts due from related undertakings	1	1
	1	1

11 Creditors: amounts falling due within one year

	2022	2021
	£	£
Group		
Payments in advance	301,309	495,668
Trade creditors	139,579	146,766
Other taxes and social security costs	111,230	48,626
Amounts due to parent company (1)	8,750,000	7,350,000
Amounts due to related undertakings	652,502	138,774
Other creditors	31,379	21,922
Accruals	205,019	130,848
	10,191,018	8,332,604

(1) All loans are interest-free, unsecured and repayable on demand.

	2022	2021
Company		
Amounts due to related undertakings	104	104
	104	104

12 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Allotted, called up and fully paid:				
Ordinary shares of £1 each	12,209,530	12,209,530	12,209,530	12,209,530

13 Reserves

Profit & loss account
This is cumulative profits or losses, net of dividends paid and other adjustments.

14 Defined contribution pension plans

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £46,009 (2021: £43,166). Contributions payable to the fund at the year end included in creditors for the group totalled £17,854 (2021: £6,856).

15 Capital commitments

	Group 2022 £	Group 2021 £
Amounts contracted for but not provided in the accounts	5,762	8,903

At the period end the group had entered into construction contracts with unrelated parties for an amount of £5.7k, for various improvement works.

16 Commitments under operating leases

At 29 December 2022 the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group Other 2022 £	Group Other 2021 £
Falling due:		
within one year	2,144	1,363
within two to five years	7,314	-
	9,458	1,363

The company had no operating lease commitments in the current or previous period.

17 Financial Instruments

The Group's financial instruments may be analysed as follows:

	2022 £	2021 £
Financial assets		
Financial assets measured at amortised cost	1,236,538	422,524
	1,236,538	422,524
Financial liabilities		
Financial liabilities measured at amortised cost	(9,778,479)	(7,788,310)
	(9,778,479)	(7,788,310)

Financial assets measured at amortised cost comprise trade and other debtors, amounts owed by related undertakings, accrued income and cash.

Financial liabilities measured at amortised cost comprise trade and other creditors, amounts due to immediate parent undertaking and relating undertakings, and accruals.

18 Related party transactions

Included within creditors, amounts falling due within one year, as at 29 December 2022 are other loan creditors of £8,750k (2021: £7,350k) owed to Hand Picked Hotels Holdings (Guernsey) Limited, the company's parent undertaking. Also within creditors is included an amount of £652,502 (2021: £138,774) which is due to Hand Picked Hotels Limited and its subsidiaries, entities under common control. This arises from management charges and service fees for the period of £450,085 (2021: £350,048), plus amounts charged by Hand Picked Hotels Limited subsidiaries for other purposes.

19 Ultimate parent company and controlling party

The company's immediate parent is Hand Picked Hotels Holdings (Guernsey) Limited, a company incorporated in Guernsey, whose registered office address is 1st and 2nd Floors Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey, GY1 1EW.

The ultimate parent company is Julian Holdings Limited, and the ultimate controlling party is Mr G Hands.

Julian Holdings Limited is a company incorporated in Guernsey, whose registered office address is PO Box 286, Floor 2 Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY.