

Company Registration No. 09677406 (England and Wales)

Bristol Harbour Hotel Limited
Annual Report and Financial Statements
For the year ended 31 December 2022

Bristol Harbour Hotel Limited

Company information

Directors	G A Hall M O Warren
Company number	09677406
Registered office	Harbour House 60 Purewell Christchurch England BH23 1ES
Auditor	Fiander Tovell Limited Stag Gates House 63 - 64 The Avenue Southampton SO17 1XS

Bristol Harbour Hotel Limited

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Bristol Harbour Hotel Limited

Strategic report

For the year ended 31 December 2022

The Directors present the strategic report for the year ended 31 December 2022.

Business review

As the first full year of uninterrupted trading since the COVID pandemic, 2022 could loosely be described as a return to "business as usual". With a twelve month trading result being reported for the first time since 2019 the figures make for positive reading and show significant year on year improvement in sales activity.

In reality it is unlikely "business as usual" will return in the near future. The challenges faced by the hospitality sector appear relentless and ensure the Company needs to remain agile in an ever-changing environment. Shifts in consumer behaviour, workforce shortages and supply chain disruptions represent just some of the issues faced, notwithstanding the instability witnessed in the UK economy over the past twelve months. Coupled with the removal of UK Government led support, the business has seen a marked rise in costs that will need to be managed even more closely.

Despite the challenges faced in the past year, the Company has successfully navigated its way through to achieve commendable results. The Company's strategic focus as a luxury lifestyle hotel, coupled with its adaptability to changing consumer preferences has been key to its success. Looking ahead the Company will continue to prioritise the delivery of exceptional guest experiences to maintain its competitive position in the market.

This strategic report serves as a foundation for future decision-making and reinforces the commitment of the Company to deliver value to its stakeholders in the coming years.

Going concern

In accordance with the requirements of the Companies Act 2006, this strategic report aims to provide a comprehensive overview of the Company's performance, financial position, and prospects. As part of this report, we consider the concept of going concern, which is fundamental to assessing the Company's ability to continue operating in the foreseeable future.

The Directors have carried out a thorough assessment of the Company's financial position and performance, taking into account various factors, including current and projected cash flows, financial obligations, and available resources. Based on this assessment, the Directors have formed the opinion that the Company has adequate financial resources to meet its obligations and continue operating for the foreseeable future, at least for the next 12 months from the date of this report.

In making this assessment, the Directors have considered both internal and external factors that may impact the Company's ability to continue as a going concern. These factors include market conditions, competitive landscape, regulatory changes, and potential risks and uncertainties. The Directors have also considered the Company's current and future liquidity position, including its ability to generate sufficient cash flows, access additional funding if required, and manage its working capital requirements.

It is important to note that the assessment of going concern is based on various assumptions, estimates, and judgments, which are inherently uncertain and subject to change. The Directors will continue to monitor the Company's financial performance and position, regularly reviewing its ability to operate as a going concern and taking appropriate actions if circumstances change.

In conclusion, based on the Directors' assessment, the Company is considered to be a going concern, as it has adequate financial resources, liquidity, and operational plans in place to support its ongoing operations for the foreseeable future. The strategic report provides a transparent and balanced view of the Company's prospects, highlighting any significant risks and uncertainties that may impact its ability to operate as a going concern in the future.

For more information regarding the basis of preparation see note 1 to the financial statements.

Bristol Harbour Hotel Limited

Strategic report (continued)

For the year ended 31 December 2022

Principal risks and uncertainties

The UK is currently in a period of well understood economic uncertainty with the recent departure from the European Union, the COVID-19 pandemic and significant regulatory and other inflationary cost pressures.

While the current economic conditions give rise to risk within the business, the Company's continued solid trading performance and the well regarded reputation amongst its peers put it in a good position to mitigate such risks that may arise.

The Company operates in a competitive marketplace, however the Directors believe the ongoing investment in the hotel facilities, standards and service and the proactive approach taken by management, mitigate this risk, helping to attract both new and returning customers.

The main financial risks arising from the Group's activities are broadly grouped as credit risk, interest rate risk and liquidity risk, these are monitored by the Board of Directors and are not considered to be significant at the balance sheet date. Financial risk management objectives and policies are detailed in the directors' report.

Key performance indicators

The Company uses a wide range of performance measures to manage and monitor the business. The most significant of these are the key performance indicators, which for the Company are turnover and occupancy, as they are the most effective measure of performance against the Company's objectives.

		2022	2021
Turnover	£4.3m	£2.7m	
Occupancy %	87%	69%	

On behalf of the board

G A Hall
Director

12 September 2023

Bristol Harbour Hotel Limited

Directors' report

For the year ended 31 December 2022

The Directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the Company continued to be that of owning and operating a hotel.

Results and dividends

The results for the year are set out on page 8.

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

Directors

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

G A Hall
M O Warren

Financial instruments

The business's principal financial instruments comprise bank balances, bank overdrafts, trade debtors, trade creditors and loans to the business from shareholders. The main purpose of these instruments is to finance the business's operations.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors liquidity is managed by ensuring sufficient funds are available to meet amounts due.

Loans comprise loans from the shareholders. Budgets are being used to ensure that sufficient funds continue to be available in the future and repayments can be met in the long term. Cash flow risk is reviewed and the loans from shareholders are repaid when funds are available, with support continuing when required to meet liquidity needs as they arise.

Future developments

The Directors propose to continue their strategy of investing in the physical resources of the Company through maintaining and upgrading the facilities, and investing in the human resources of the Company by ensuring the business remains a workplace our teams are proud to be associated with. Doing this will ensure the standards delivered meet the expectations of our guests.

Auditor

The auditor, Fiander Tovell Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Bristol Harbour Hotel Limited

Directors' report (continued)

For the year ended 31 December 2022

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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.

Strategic report

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

Statement of disclosure to auditor

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

On behalf of the board

G A Hall
Director

12 September 2023

Bristol Harbour Hotel Limited

Independent auditor's report

to the member of Bristol Harbour Hotel Limited

Opinion

We have audited the financial statements of Bristol Harbour Hotel Limited (the 'Company') for the year ended 31 December 2022 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The Directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Bristol Harbour Hotel Limited

Independent auditor's report (continued)

to the member of Bristol Harbour Hotel Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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.

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- we identified the laws and regulations applicable to the Company through discussions with Directors and other management, and from our commercial knowledge and experience.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Company, including the Companies Act 2006, taxation legislation, data protection, employment, environmental and health and safety legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management.

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

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

Bristol Harbour Hotel Limited

Independent auditor's report (continued)

to the member of Bristol Harbour Hotel Limited

Audit response to risks identified

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

- performed analytical procedures to identify any unusual or unexpected relationships.
- tested journal entries to identify unusual transactions.
- tested a sample of BACS payments to identify payments being made to unexpected bank accounts.
- performed testing on payroll costs in respect of those employees with responsibility or authority in connection with the payroll function.
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.
- investigated the rationale behind significant or unusual transactions.

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

- agreeing financial statement disclosures to underlying supporting documentation.
- enquiring of management as to actual and potential litigation and claims.

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

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

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

Use of our report

This report is made solely to the Company's member 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 member those matters we are required to state to the member 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 member for our audit work, for this report, or for the opinions we have formed.

Andrew Jay ACA FCCA (Senior Statutory Auditor)
For and on behalf of Fiander Tovell Limited

12 September 2023

Chartered Accountants
Statutory Auditor

Stag Gates House
63 - 64 The Avenue
Southampton
SO17 1XS

Bristol Harbour Hotel Limited

Income statement

For the year ended 31 December 2022

	Notes	2022 £	2021 £
Turnover	3	4,300,969	2,724,259
Cost of sales		(2,560,967)	(1,451,105)
Gross profit		1,740,002	1,273,154
Administrative expenses		(1,550,863)	(1,302,975)
Other operating income	3	6,000	275,833
Operating profit	4	195,139	246,012
Interest payable and similar expenses	6	(447,120)	(405,253)
Loss before taxation		(251,981)	(159,241)
Tax on loss	7	250,944	(258,773)
Loss for the financial year		(1,037)	(418,014)

The income statement has been prepared on the basis that all operations are continuing operations.

Bristol Harbour Hotel Limited

Statement of comprehensive income

For the year ended 31 December 2022

	2022	2021
	£	£
Loss for the year	(1,037)	(418,014)
Other comprehensive income		
Revaluation of tangible fixed assets	-	2,153,619
Tax relating to other comprehensive income	-	(579,215)
Other comprehensive income for the year	-	1,574,404
Total comprehensive income for the year	(1,037)	1,156,390

Bristol Harbour Hotel Limited

Statement of financial position

As at 31 December 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	8		17,529,089		17,540,000
Current assets					
Stocks	9	70,052		76,722	
Debtors	10	261,743		246,558	
Cash at bank and in hand		132,641		67,094	
		464,436		390,374	
Creditors: amounts falling due within one year	11	(3,014,996)		(1,533,755)	
Net current liabilities			(2,550,560)		(1,143,381)
Total assets less current liabilities			14,978,529		16,396,619
Creditors: amounts falling due after more than one year	12		(12,341,516)		(13,507,625)
Provisions for liabilities					
Deferred tax liability	14	835,632		1,086,576	
			(835,632)		(1,086,576)
Net assets			1,801,381		1,802,418
Capital and reserves					
Called up share capital	16		4,000,001		4,000,001
Revaluation reserve	17		1,574,404		1,574,404
Profit and loss reserves	17		(3,773,024)		(3,771,987)
Total equity			1,801,381		1,802,418

The financial statements were approved by the board of directors and authorised for issue on 12 September 2023 and are signed on its behalf by:

G A Hall
Director

Company Registration No. 09677406

Bristol Harbour Hotel Limited

Statement of changes in equity

For the year ended 31 December 2022

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2021	4,000,001	-	(3,353,973)	646,028
Year ended 31 December 2021:				
Loss for the year	-	-	(418,014)	(418,014)
Other comprehensive income:				
Revaluation of tangible fixed assets	-	2,153,619	-	2,153,619
Tax relating to other comprehensive income	-	(579,215)	-	(579,215)
Total comprehensive income for the year	-	1,574,404	(418,014)	1,156,390
Balance at 31 December 2021	4,000,001	1,574,404	(3,771,987)	1,802,418
Year ended 31 December 2022:				
Loss and total comprehensive income for the year	-	-	(1,037)	(1,037)
Balance at 31 December 2022	4,000,001	1,574,404	(3,773,024)	1,801,381

Bristol Harbour Hotel Limited

Notes to the financial statements

For the year ended 31 December 2022

I Accounting policies

Company information

Bristol Harbour Hotel Limited is a private company limited by shares incorporated in England and Wales. The registered office is Harbour House, 60 Purewell, Christchurch, England, BH23 1ES.

I.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of leasehold properties at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- section 11 'Basic Financial Instruments' and section 12 'Other Financial Instrument Issues: The disclosure requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A; and
- section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Harbour International Limited. These consolidated financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

I.2 Going concern

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

I.3 Turnover

Turnover represents amounts receivable from the provision of hotel services, recognised net of VAT at the point of service to the customer.

I.4 Tangible fixed assets

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

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

Long leasehold property	100 years straight line
Plant and equipment	6% straight line
Fixtures and fittings	15% straight line
Computers	25% straight line
Finance lease asset	Nil

Bristol Harbour Hotel Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

I Accounting policies

(continued)

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

During the year, the company changed the estimate of useful lives upon which its fixed assets should be depreciated. The directors, having given due consideration to the existing asset classes, have reclassified the assets to better reflect the activities of the business, and accordingly applied the appropriate rates of depreciation as outlined below.

Fixtures and fittings - from 6% to 15% straight line
Computer equipment - from 20% to 25% straight line

1.5 Impairment of fixed assets

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

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

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

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

1.6 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.

1.7 Cash and cash equivalents

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

Bristol Harbour Hotel Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

I Accounting policies (continued)

I.8 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, and loans from related parties.

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than its legal form.

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.

I.9 Equity instruments

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

I.10 Taxation

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

Current tax

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

Deferred tax

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

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

I.11 Employee benefits

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

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

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

I.12 Retirement benefits

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

Bristol Harbour Hotel Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

1 Accounting policies (continued)

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.14 Government grants

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

Grants of a revenue nature are recognised in the statement of income and retained earnings in the same period as the related expenditure. Under FRS102 reporting standards, the group has included its income from the Government's Coronavirus Job Retention Scheme within other operating income.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

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

Leases

Determine whether leases entered into by the company either as a lessor or a lessee are operating leases 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.

Impairment of assets

Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision 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.

Disposal of assets

Where an asset is replaced and historic cost information pertaining to the original asset is not readily available, then the value is assigned to the year seen as most appropriate, and an RPI adjustment is made to determine the original purchase price.

Bristol Harbour Hotel Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

2 Judgements and key sources of estimation uncertainty

(continued)

Tax charge

The calculation of the company's tax charge involves a degree of estimation and judgement in respect of certain items, including the differences between the accounting and tax base; which assets qualify for capital allowances; the level of disallowable expenditure; the extent of rollover gains; indexation thereon and the tax base into which they are rolled; the amount of deferred tax assets which can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of future tax planning.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Tangible fixed assets

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 such as future economic viability, utilisation and continued relevance of the asset.

Leasehold property

Leasehold property is revalued by an independent valuation expert on a regular basis such that the carrying value is in line with the prevailing market rates. The valuation uses the profit method which is based on the company's estimates and assumptions concerning its future revenue growth, trading and cash flows.

3 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by class of business		
Provision of hotel services	4,300,969	2,724,259
	<u> </u>	<u> </u>
	2022	2021
	£	£
Other significant revenue		
Grants received	6,000	275,833
	<u> </u>	<u> </u>

Turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

The company received monies during the year in respect of Business Rates Relief support grants, and in the previous year received monies for both Business Rates Relief support grants and furloughed employees under the Coronavirus Jobs Retention Scheme.

4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(6,000)	(275,833)
Fees payable to the company's auditor for the audit of the company's financial statements	4,000	3,500
Depreciation of owned tangible fixed assets	238,158	143,126
Loss on disposal of tangible fixed assets	36,801	-
	<u> </u>	<u> </u>

Bristol Harbour Hotel Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

5 Employees

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

	2022 Number	2021 Number
Hotel staff	92	88

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	1,461,981	1,161,020
Social security costs	101,835	70,573
Pension costs	18,349	12,563
	<u>1,582,165</u>	<u>1,244,156</u>

No remuneration was paid to the directors.

6 Interest payable and similar expenses

	2022 £	2021 £
Interest payable to group undertakings	214,092	205,253
Interest on finance leases and hire purchase contracts	233,028	200,000
	<u>447,120</u>	<u>405,253</u>

7 Taxation

	2022 £	2021 £
Deferred tax		
Origination and reversal of timing differences	29,987	108,893
Changes in tax rates	-	33,024
Adjustment in respect of prior periods	(280,931)	116,856
Total deferred tax	<u>(250,944)</u>	<u>258,773</u>

Bristol Harbour Hotel Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

7 Taxation

(continued)

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

	2022	2021
	£	£
Loss before taxation	(251,981)	(159,241)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(47,876)	(30,256)
Tax effect of expenses that are not deductible in determining taxable profit	-	56
Effect of change in corporation tax rate	7,197	87,550
Group relief	72,958	82,463
Permanent capital allowances in excess of depreciation	(5,839)	(1,443)
Depreciation on assets not qualifying for tax allowances	3,547	3,547
Deferred tax adjustments in respect of prior years	(280,931)	116,856
Taxation (credit)/charge for the year	(250,944)	258,773

In addition to the amount (credited)/charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2022	2021
	£	£
Deferred tax arising on:		
Revaluation of property	-	579,215

The company has tax losses of approximately £1.8m (2021 - £1.8m) available to carry forward against future taxable profits.

Bristol Harbour Hotel Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

8 Tangible fixed assets

	Long leasehold property	Plant and equipment	Fixtures and fittings	Computers	Finance lease asset	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 January 2022	10,084,760	-	1,825,594	83,710	6,240,000	18,234,064
Additions	128,474	25,944	100,046	9,584	-	264,048
Disposals	-	(19,198)	(39,618)	(8,052)	-	(66,868)
Transfers	55,475	842,631	(906,321)	8,215	-	-
At 31 December 2022	10,268,709	849,377	979,701	93,457	6,240,000	18,431,244
Depreciation and impairment						
At 1 January 2022	-	-	614,457	79,607	-	694,064
Depreciation charged in the year	43,981	50,725	142,929	523	-	238,158
Eliminated in respect of disposals	-	(7,141)	(15,128)	(7,798)	-	(30,067)
Transfers	18,676	283,682	(305,124)	2,766	-	-
At 31 December 2022	62,657	327,266	437,134	75,098	-	902,155
Carrying amount						
At 31 December 2022	10,206,052	522,111	542,567	18,359	6,240,000	17,529,089
At 31 December 2021	10,084,760	-	1,211,137	4,103	6,240,000	17,540,000

Leasehold property along with fixtures, fittings and equipment were revalued at 31 January 2022 by Cushman & Wakefield, independent valuers not connected with the company, on the basis of market value under the profits method. The valuation, which is consistent with similar properties, conforms to RICS Valuation Professional Standards. The directors have considered the valuation as at 31 December 2022 and do not consider it to be materially different from the Cushman & Wakefield valuation previously adopted.

The following assets are carried at valuation. If the assets were measured using the cost model, the carrying amounts would be as follows:

	Long leasehold property	
	2022	2021
	£	£
Cost	6,735,553	6,551,604
Accumulated depreciation	(15,460)	(6,810)
Carrying value	6,720,093	6,544,794

Bristol Harbour Hotel Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

9 Stocks

	2022	2021
	£	£
Raw materials and consumables	70,052	76,722

10 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	94,567	85,164
Amounts owed by group undertakings	2,400	1,340
Other debtors	50,344	45,068
Prepayments and accrued income	114,432	114,986
	261,743	246,558

Amounts owed by group undertakings are interest free and repayable on demand.

11 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	155,107	83,789
Amounts owed to group undertakings	2,268,572	866,115
Taxation and social security	213,241	140,308
Other creditors	218,052	234,132
Accruals and deferred income	160,024	209,411
	3,014,996	1,533,755

Amounts owed to group undertakings are interest free and repayable on demand.

12 Creditors: amounts falling due after more than one year

	Notes	2022	2021
		£	£
Obligations under finance leases	13	6,007,625	6,007,625
Amounts owed to group undertakings		6,333,891	7,500,000
		12,341,516	13,507,625

Borrowing terms and rates for amounts owed to group undertakings changed in the year. Amounts are now repayable on 31 March 2028 (2021: 27 January 2024) and interest is charged at 2.75% over the SONIA rate (2021: rates between 1.95% 2.05% over LIBOR) in respect of the issued loans.

Bristol Harbour Hotel Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

13 Finance lease obligations

	2022	2021
	£	£
Future minimum lease payments due under finance leases:		
In over five years	6,007,625	6,007,625

In 2016 the company entered into a sale and leaseback arrangement with a third party in respect of an interest in the hotel's freehold land. The lease is for a term of 999 years, with annual payments of £232,000 (2021: £200,000) per annum increasing with movements in RPI. The arrangement resulted in a finance lease with the proceeds of £6.2m being recognised as a liability. Because the term is so long, measuring the liability at amortised cost using the effective interest method results in no reduction of the liability for the foreseeable future. The land subject to the finance lease arrangement has been shown within fixed assets as a separate class of asset which is not subject to depreciation at a cost equivalent to the proceeds received.

14 Deferred taxation

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

	Liabilities 2022	Liabilities 2021
	£	£
Balances:		
Accelerated capital allowances	556,641	522,752
Tax losses	(443,866)	(159,033)
Revaluations	723,229	723,229
Other short term timing differences	(372)	(372)
	<u>835,632</u>	<u>1,086,576</u>
Movements in the year:		2022
		£
Liability at 1 January 2022		1,086,576
Credit to profit or loss		(250,944)
Liability at 31 December 2022		<u>835,632</u>

The Finance Act 2021 introduced an increase to the main rate of corporation tax to 25% from 1 April 2023. The rate was enacted at the balance sheet date, and as a result the deferred tax balance as at 31 December has been remeasured at 25%.

Bristol Harbour Hotel Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

15 Retirement benefit schemes

	2022	2021
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	18,349	12,563

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

16 Share capital

	2022	2021	2022	2021
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	4,000,001	4,000,001	4,000,001	4,000,001

The shares have attached to them full voting, dividend and capital distribution (including on a winding up) rights. They do not confer any rights of redemption.

17 Reserves

Revaluation reserve

The revaluation reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Profit and loss reserves

The profit and loss account represents cumulative profits and losses, net of any dividends and other adjustments.

18 Financial commitments, guarantees and contingent liabilities

The bank loans of Harbour Hotels Group Limited, an intermediate parent company, are secured by a cross guarantee and a fixed and floating charge debenture over the company's assets.

19 Related party transactions

The company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions between group companies who are wholly owned within the group.

Bristol Harbour Hotel Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

20 Ultimate controlling party

The company is a wholly owned subsidiary of Harbour Hotels Group Limited. The ultimate parent company is Global Reach UK Holdings Limited, a company in which Turnstone (Isle of Man) Limited is considered the ultimate controlling party. The financial statements for Global Reach UK Holdings Limited are publicly available from Companies House, Crown Way, Cardiff, CF14 3UZ.

The smallest group in which the results of the company are consolidated is that headed by Harbour Hotels Group Limited and the largest group in which the results of the company are consolidated is that headed by Global Reach UK Holdings Limited. The registered office of Harbour Hotels Group Limited is 60 Purewell, Christchurch, England, BH23 1ES. The registered office of Global Reach UK Holdings Limited is c/o Zedra, Booths Hall, Booths Park 3, Chelford Road, Knutsford, Cheshire, England, WA16 8GS.

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