

Company Registration No. 09677406 (England and Wales)

Bristol Harbour Hotel Limited
Annual Report and Financial Statements
For the year ended 31 December 2020

Bristol Harbour Hotel Limited

Company Information

Directors	G A Hall M O Warren	(Appointed 26 April 2021)
Company number	09677406	
Registered office	Harbour House 60 Purewell Christchurch England BH23 1ES	
Auditor	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL	

Bristol Harbour Hotel Limited

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Bristol Harbour Hotel Limited

Strategic report

For the year ended 31 December 2020

The directors present the strategic report for the year ended 31 December 2020.

Business review

The onset of the COVID-19 pandemic in early 2020 required the company to deal with issues unprecedented in recent times. It is widely recognised that the hospitality sector has been among the most severely impacted sectors in the UK Economy and along with many other businesses the company had to suspend trading in the Spring of 2020. Even after re-opening in the summer the business was subject to intermittent closures during the remainder of the year. Operating under these conditions has proved difficult yet despite these challenges the underlying business has remained strong due to the desirable location of the hotel and the restrictions on overseas travel resulting in an increase in demand from domestic leisure travellers.

The Board would like to put on record its gratitude to both the suppliers and service partners of the business for their continued support and understanding during a turbulent year, but most importantly to our employees for their dedication, commitment and hard work in dealing with closure, furlough, reopening. All of this has been done while maintaining the high standards and professionalism associated with meeting the expectations of our guests during periods of extremely high demand.

Given the challenging trading environment and the broader economic picture, the directors are satisfied with the results for the year.

COVID-19

As outlined above, the directors acknowledge that the outbreak of the COVID-19 virus in early 2020 has had a significant impact on the company's performance since then. Following the enforced closure of the hotels in March 2020, business has been closed for periods as directed by UK Government policy. Initially this extended to July 2020 and was then followed by further closures in November 2020 and most recently late December 2020 through to May 2021. The directors have monitored the situation closely and reacted to minimise the impact of this risk, including the limiting of discretionary spend along with the utilisation of the UK Government's various support schemes.

The directors remain confident in the long term fundamentals of the market the company operates in and do not believe that the outbreak will impact the viability of the business in the long term.

Going concern

The comprehensive measures taken by the UK Government to limit the spread of the COVID-19 pandemic have had a significant effect on the hospitality sector across the United Kingdom. Following the issuance of UK Government guidance, all hotels were closed at the end of March 2020 and suffered intermittent closures through to May 2021. The hotels have remained open since then however giving encouragement that the business can start a return to normal trading patterns.

The company has had support in paying employment costs through the period from the UK Government's Coronavirus Job Retention Scheme ("CJRS") having furloughed the majority of its staff. The company continues to take advantage of the scheme in some measure where eligible and necessary. Upon the hotels reopening a flexible approach has been adopted to return the employees to work on the basis of business need. The Company has also benefitted from business rates property relief with a 100% reduction applied from April 2020. This will cover the period through to June 2021 and will then be tapered to a 66% reduction until March 2022. Business support grants have also been claimed for properties that have suffered enforced closure.

In addition to the measures described above, the application for a loan via the Coronavirus Business Interruption Loan Scheme ("CBILS") by the company's parent was successful and has assisted in supporting the company through a period of limited income. The directors acknowledge that it remains difficult to estimate to what extent, and for how long, the UK Government's measures to control the spread of the virus will continue to have an impact on the hospitality sector.

The directors therefore recognise there is uncertainty over which they have little or no control. However, the company believes it has sufficient cash resources already secured and it is the expectation of the directors the company will be able to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of the financial statements and therefore the going concern basis of preparation has been adopted.

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 2020

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 economic conditions give rise to risk within the business, the company's performance and the reputation of the hotel during the recent economic climate puts the company in a good position to mitigate this risk.

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 company'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.

		2020	2019
Turnover	£1.3m	£3.8m	
Occupancy %	78%	87%	

On behalf of the board

G A Hall
Director

22 December 2021

Bristol Harbour Hotel Limited

Directors' report

For the year ended 31 December 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

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 9.

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:

S A Bateman	(Resigned 26 April 2021)
G A Hall	(Appointed 26 April 2021)
D F Robbins	(Resigned 26 April 2021)
M O Warren	

Directors' insurance

The company maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the company.

Financial instruments

The business' 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' 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 intend to continue to invest in maintaining and upgrading facilities and standards to further strengthen the company's market position. The company has seen trading losses in 2020 as a consequence of the lockdowns imposed. During the periods where the company was able to trade, customer demand was remarkably strong, especially through the summer period helping to mitigate the overall result. Looking forward to 2021, the company's expectations for a strong summer period have been met driven by the uncertainty around international travel and a spike in demand for "staycations" and domestic stays generally. The volume of enquiries in the corporate and groups segment for the autumn and beyond is also encouraging.

Auditor

In accordance with the company's articles, a resolution proposing that BDO LLP be reappointed as auditor of the company will be put at a General Meeting.

Bristol Harbour Hotel Limited

Directors' report (Continued)

For the year ended 31 December 2020

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

22 December 2021

Bristol Harbour Hotel Limited

Directors' responsibilities statement

For the year ended 31 December 2020

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;
- 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.

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 2020 which comprise 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 2020 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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.

Emphasis of matter - Property valuations

We draw attention to note 9 which explains that the hotels were valued by external valuers at January 2020 and that the Directors have adopted these valuations as at 31 December 2020. As stated in note 9, as a result of the impact of the outbreak of the novel coronavirus (COVID-19) on the market, it is likely that less certainty and a higher degree of caution, should be attached to the valuation than would normally be the case. Our opinion is not modified in respect of this matter.

Bristol Harbour Hotel Limited

Independent Auditor's report (Continued)

to the member of Bristol Harbour Hotel Limited

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.

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 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.

Bristol Harbour Hotel Limited

Independent Auditor's report (Continued)

to the member of Bristol Harbour Hotel Limited

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.

- discussion with management and those charged with governance regarding consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- challenging assumptions made by management in their significant accounting estimates in particular in relation to tangible fixed asset valuations and assessing whether the judgements made in accounting entries are indicative of potential bias;
- identifying and testing journal entries, in particular any manual journal entries to revenue or control accounts and journals posted by senior management;
- obtaining an understanding of controls designed to prevent and detect irregularities, including specific consideration of controls and group accounting policies relating to significant accounting estimates; and
- reviewing senior management board meeting minutes for evidence of any fraud or non-compliance with laws and regulations.

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 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 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 member for our audit work, for this report, or for the opinions we have formed.

Arbinder Chatwal (Senior Statutory Auditor)

For and on behalf of BDO LLP

22 December 2021

Chartered Accountants

Statutory Auditor

Arcadia House
Maritime Walk
Ocean Village
Southampton
SO14 3TL

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

Bristol Harbour Hotel Limited

Statement of comprehensive income

For the year ended 31 December 2020

	Notes	2020 £	2019 £
Turnover	3	1,313,351	3,839,425
Cost of sales		(962,690)	(2,332,666)
Gross profit		350,661	1,506,759
Administrative expenses		(1,187,720)	(1,160,527)
Other operating income	3	449,893	-
Operating (loss)/profit	4	(387,166)	346,232
Interest payable and similar expenses	6	(422,446)	(485,785)
Loss before taxation		(809,612)	(139,553)
Tax on loss	7	57,112	(60,302)
Loss for the financial year		(752,500)	(199,855)
Other comprehensive income/(expense) for the financial year			
Revaluation of tangible fixed assets		62,985	(4,522,124)
Tax relating to other comprehensive income		(22,404)	781,757
Total comprehensive expense for the financial year		(711,919)	(3,940,222)

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

Bristol Harbour Hotel Limited

Statement of financial position

as at 31 December 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		15,490,001		15,490,001
Current assets					
Stocks	10	28,895		52,152	
Debtors	11	2,227,585		284,696	
Cash at bank and in hand		586		48,845	
		<u>2,257,066</u>		<u>385,693</u>	
Creditors: amounts falling due within one year	12	<u>(3,344,825)</u>		<u>(4,726,825)</u>	
Net current liabilities			<u>(1,087,759)</u>		<u>(4,341,132)</u>
Total assets less current liabilities			<u>14,402,242</u>		<u>11,148,869</u>
Creditors: amounts falling due after more than one year	13		<u>(13,507,625)</u>		<u>(13,507,625)</u>
Provisions for liabilities					
Deferred tax liability	15	248,589		283,297	
		<u>(248,589)</u>		<u>(283,297)</u>	
Net assets/(liabilities)			<u>646,028</u>		<u>(2,642,053)</u>
Capital and reserves					
Called up share capital	17		4,000,001		1
Profit and loss reserves	18		<u>(3,353,973)</u>		<u>(2,642,054)</u>
Total equity			<u>646,028</u>		<u>(2,642,053)</u>

The financial statements were approved by the board of directors and authorised for issue on 22 December 2021 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 2020

		Share capital	Revaluation reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 January 2019		1	1,765,572	532,596	2,298,169
Year ended 31 December 2019:					
Loss for the year		-	-	(199,855)	(199,855)
Other comprehensive income/(expense):					
Revaluation of tangible fixed assets		-	(4,522,124)	-	(4,522,124)
Tax relating to other comprehensive income		-	781,757	-	781,757
Total comprehensive expense for the year		-	(3,740,367)	(199,855)	(3,940,222)
Contributions by and distributions to owners:					
Dividends	8	-	-	(1,000,000)	(1,000,000)
Issue of bonus shares		1,250,000	(1,250,000)	-	-
Reduction of shares	17	(1,250,000)	-	1,250,000	-
Transfers		-	3,224,795	(3,224,795)	-
Total transactions with owners		-	1,974,795	(2,974,795)	(1,000,000)
Balance at 31 December 2019		1	-	(2,642,054)	(2,642,053)
Year ended 31 December 2020:					
Loss for the year		-	-	(752,500)	(752,500)
Other comprehensive income/(expense):					
Revaluation of tangible fixed assets		-	62,985	-	62,985
Tax relating to other comprehensive income		-	(22,404)	-	(22,404)
Total comprehensive expense for the year		-	40,581	(752,500)	(711,919)
Contributions by and distributions to owners:					
Issue of share capital	17	4,000,000	-	-	4,000,000
Transfers		-	(40,581)	40,581	-
Total transactions with owners		4,000,000	(40,581)	40,581	4,000,000
Balance at 31 December 2020		4,000,001	-	(3,353,973)	646,028

Bristol Harbour Hotel Limited

Notes to the financial statements

For the year ended 31 December 2020

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 freehold properties and to include investment properties and certain financial instruments 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;
- section 26 'Share based Payment': Share based payment arrangements required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23; 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

Notwithstanding the net current liabilities at 31 December 2020, the financial statements have been prepared on the going concern basis which the directors consider to be appropriate.

The COVID-19 outbreak is expected to have a significant impact on the business. Following the issuance of UK Government guidance, all hotels were closed at the end of March 2020 and suffered intermittent closures through to the May 2021. The hotels have remained open since then however giving encouragement that the business can look to start a return to normal trading patterns.

The directors of the company and the wider group have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements. The forecasts have been sensitised and include plausible downside scenarios as a result of the COVID-19 outbreak and its impact. These demonstrate the Group has sufficient cash reserves to enable the Group to meet its obligations as they fall due for a period of at least 12 months from the date of approval of the financial statements. In addition and where necessary, the company's parent has issued a letter of support confirming that should the company require financial support to meet its liabilities as they fall due in the next 12 months that such support will be provided.

As such, the directors are satisfied that the company has adequate resources to continue to operate for the foreseeable future. For this reason the company continues to adopt the going concern basis in preparing these financial statements.

Bristol Harbour Hotel Limited

Notes to the financial statements (Continued)

For the year ended 31 December 2020

I Accounting policies

(Continued)

I.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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
Fixtures and fittings	6%
Computers	20%
Finance lease asset	Nil

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 life upon which its leasehold property should be depreciated. The property is now depreciated over 100 years. Previously a combination of higher residual values and a longer economic useful life resulted in a nil depreciation charge.

I.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.

Bristol Harbour Hotel Limited

Notes to the financial statements (Continued)

For the year ended 31 December 2020

I Accounting policies

(Continued)

I.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.

I.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.

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.

Bristol Harbour Hotel Limited

Notes to the financial statements (Continued)

For the year ended 31 December 2020

I Accounting policies

(Continued)

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.

I.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.

I.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. In this financial year, under FRS102 reporting standards, the group has included its income from the Government's Coronavirus Job Retention Scheme within other operating income.

Bristol Harbour Hotel Limited

Notes to the financial statements (Continued)

For the year ended 31 December 2020

2 Judgements and key sources of estimation uncertainty

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

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

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 and intangible assets, including goodwill. 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.

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.

Bristol Harbour Hotel Limited

Notes to the financial statements (Continued)

For the year ended 31 December 2020

3 Turnover and other income

	2020	2019
	£	£
Turnover analysed by class of business		
Provision of hotel services	1,313,351	3,839,425
	<u> </u>	<u> </u>
	2020	2019
	£	£
Other operating income		
Government grants received	449,893	-
	<u> </u>	<u> </u>

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

During the year the company received monies in respect of furloughed employees under the Coronavirus Jobs Retention Scheme.

4 Operating (loss)/profit

	2020	2019
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Government grants	(449,893)	-
Fees payable to the company's auditor for the audit of the company's financial statements	5,580	4,945
Depreciation of owned tangible fixed assets	141,562	112,044
	<u> </u>	<u> </u>

5 Employees

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

	2020	2019
	Number	Number
Hotel staff	73	92
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	1,007,587	1,399,217
Social security costs	59,056	99,859
Pension costs	11,712	3,809
	<u> </u>	<u> </u>
	1,078,355	1,502,885
	<u> </u>	<u> </u>

No remuneration was paid to the directors.

Bristol Harbour Hotel Limited

Notes to the financial statements (Continued)

For the year ended 31 December 2020

6 Interest payable and similar expenses

	2020	2019
	£	£
Interest payable to group undertakings	222,446	285,785
Interest on finance leases and hire purchase contracts	200,000	200,000
	<u>422,446</u>	<u>485,785</u>

7 Taxation

	2020	2019
	£	£
Deferred tax		
Origination and reversal of timing differences	(58,191)	60,459
Adjustment in respect of prior periods	1,079	(157)
	<u>(57,112)</u>	<u>60,302</u>

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:

	2020	2019
	£	£
Loss before taxation	<u>(809,612)</u>	<u>(139,553)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(153,826)	(26,515)
Tax effect of expenses that are not deductible in determining taxable profit	7,950	-
Group relief	93,237	103,137
Depreciation on assets not qualifying for tax allowances	3,870	-
Other non-reversing timing differences	(180)	-
Deferred tax adjustments in respect of prior years	1,080	(157)
Transfer pricing adjustments	(9,243)	(16,163)
	<u>(57,112)</u>	<u>60,302</u>

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:

	2020	2019
	£	£
Deferred tax arising on:		
Revaluation of property	<u>22,404</u>	<u>(781,757)</u>

Bristol Harbour Hotel Limited

Notes to the financial statements (Continued)

For the year ended 31 December 2020

7 Taxation (Continued)

The company has tax losses of approximately £1.3m (2019 - £0.6m) available to carry forward against future taxable profits.

8 Dividends

	2020 £	2019 £
Interim paid	-	1,000,000
	<u> </u>	<u> </u>

Bristol Harbour Hotel Limited

Notes to the financial statements (Continued)

For the year ended 31 December 2020

9 Tangible fixed assets

	Long leasehold property	Fixtures and fittings	Computers	Finance lease asset	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2020	7,907,191	1,724,488	66,733	6,240,000	15,938,412
Additions	-	61,600	16,977	-	78,577
Revaluation	42,619	-	-	-	42,619
At 31 December 2020	7,949,810	1,786,088	83,710	6,240,000	16,059,608
Depreciation and impairment					
At 1 January 2020	-	400,281	48,130	-	448,411
Depreciation charged in the year	20,366	106,758	14,438	-	141,562
Revaluation	(20,366)	-	-	-	(20,366)
At 31 December 2020	-	507,039	62,568	-	569,607
Carrying amount					
At 31 December 2020	7,949,810	1,279,049	21,142	6,240,000	15,490,001
At 31 December 2019	7,907,191	1,324,207	18,603	6,240,000	15,490,001

The leasehold property along with the fixtures, fittings and equipment, was valued by Savills (UK) Limited, an independent chartered surveyor with experience in the hotel property market, on 18 January 2020 on the basis of market value under the profits method in accordance with The Royal Institute of Chartered Surveyors Valuation Professional Standards known as the "Red Book". Projected net earnings and cash flows have been discounted using a market discount rate. The critical assumptions are a capitalisation rate of 8% and a discount rate which is 2.5% above the capitalisation rate used in the cash flow. The hotel has been valued at £9.25m and this valuation was adopted in the 2019 financial statements. The Directors have considered the valuation as at 31 December 2020 and do not consider it to be materially different from the Savills valuation previously adopted. The hotel is one of a collection of hotels which together form the Harbour Hotels Group, however they note that due to the disruption to the market at 31 December 2020 caused by COVID-19, less certainty, and a higher degree of caution, should be attached to the valuation than normally would be the case.

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	
	2020	2019
	£	£
Cost	6,551,604	6,551,604
Accumulated depreciation	(6,810)	-
Carrying value	6,544,794	6,551,604

Bristol Harbour Hotel Limited

Notes to the financial statements (Continued)

For the year ended 31 December 2020

10 Stocks

	2020	2019
	£	£
Raw materials and consumables	28,895	52,152
	<u>28,895</u>	<u>52,152</u>

11 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	3,164	145,715
Amounts owed by group undertakings	2,025,286	6,000
Other debtors	88,660	14,465
Prepayments and accrued income	110,475	118,516
	<u>2,227,585</u>	<u>284,696</u>

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

12 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	84,948	147,749
Amounts owed to group undertakings	3,005,947	4,226,910
Taxation and social security	13,127	44,479
Other creditors	168,633	136,519
Accruals and deferred income	72,170	171,168
	<u>3,344,825</u>	<u>4,726,825</u>

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

13 Creditors: amounts falling due after more than one year

	Notes	2020	2019
		£	£
Obligations under finance leases	14	6,007,625	6,007,625
Amounts owed to group undertakings		7,500,000	7,500,000
		<u>13,507,625</u>	<u>13,507,625</u>

Amounts owed to group undertakings are repayable on 27 January 2024. Interest is charged at rates between 1.95% and 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 2020

14 Finance lease obligations

	2020	2019
	£	£
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 £200,000 per year 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.

15 Deferred taxation

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

	Liabilities 2020	Liabilities 2019
	£	£
Balances:		
Accelerated capital allowances	345,425	283,631
Tax losses	(240,850)	(121,253)
Revaluations	144,014	121,609
Other short term timing differences	-	(690)
	<u>248,589</u>	<u>283,297</u>
		2020
		£
Movements in the year:		
Liability at 1 January 2020		283,297
Credit to profit or loss		(57,112)
Charge to other comprehensive income		8,097
Effect of change in tax rate - other comprehensive income		14,307
Liability at 31 December 2020		<u>248,589</u>

The Finance Act 2021 introduced a further increase to the main rate of corporation tax to 25% from 1 April 2023. This rate was not substantively enacted at the balance sheet date, and as a result deferred tax balances as at 31 December 2020 continue to be measured at 19%. If all of the deferred tax was to reverse at the amended rate the impact to the closing deferred tax position would be to increase the deferred tax liability by £78,502.

Bristol Harbour Hotel Limited

Notes to the financial statements (Continued)

For the year ended 31 December 2020

16 Retirement benefit schemes

	2020	2019
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	11,712	3,809

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

17 Share capital

	2020 Number	2019 Number	2020 £	2019 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	4,000,001	1	4,000,001	1

On 10 October 2019, the company capitalised £1.25m of its revaluation reserve through the issue of fully paid up bonus shares. The bonus shares were cancelled on 21 October 2019 with the corresponding balance being credited to the accumulated P&L reserve.

On 3 July 2020, the company issued 4m ordinary shares at face value resulting in a reduction and partial settlement of an intercompany loan amount.

18 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.

19 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.

Bristol Harbour Hotel Limited

Notes to the financial statements (Continued)

For the year ended 31 December 2020

20 Related party transactions

Transactions with related parties

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

	Purchases	
	2020	2019
	£	£
Entities with control, joint control or significant influence over the company	15,489	6,434
	<u> </u>	<u> </u>
	2020	2019
	£	£
Amounts due to related parties		
Entities with control, joint control or significant influence over the company	-	2,326
	<u> </u>	<u> </u>

21 Ultimate controlling party

The company is a wholly owned subsidiary of Harbour Hotels Group Limited. The ultimate parent company is Nicolas James Limited, a company controlled by Mr N J Roach. The financial statements for Nicolas James 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 Harbour International Limited. The registered office of Harbour Hotels Group Limited and Harbour International Limited is Harbour House, 60 Purewell, Christchurch, England, BH23 1ES.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.