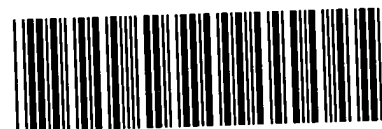


Delta Belton Woods Op Co Limited
Financial Statements
31 December 2019

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Delta Belton Woods Op Co Limited

Financial Statements

Year ended 31 December 2019

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Delta Belton Woods Op Co Limited

Company information

The board of directors

Mr Gareth Jones
Mr Manish Gudka

Registered office

4th Floor
22 Baker Street
London
England
W1U 3BW

Auditor

Haysmacintyre LLP
Chartered accountants & statutory auditor
10 Queen Street Place
London
United Kingdom
EC4R 1AG

Company registration number

10921650

Delta Belton Woods Op Co Limited

Directors' Report

Year ended 31 December 2019

The directors present their report and the financial statements of the company for the year ended 31 December 2019.

Principal activities

The principal activity of the company during the year was that of hotel operations.

Incorporation

The company was incorporated on 18 August 2017 under Companies Act 2006 and commenced trading on 1 January 2018.

Directors

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

Mr Gareth Jones
Mr Manish Gudka

Results & dividends

The loss for this financial year amounted to £2,120,005 (Period from 18 August 2017 to 31 December 2018: profit of £884,653) which has been transferred from reserves. The directors do not recommend the payment of a dividend for this financial year (2018: nil).

Going concern

The ability of the company to continue as a going concern is driven by the performance of the hotels in the group which were forced to close due to the Covid-19 lockdown. Since reopening, the hotels have collectively exceeded their revised forecasts, however, there is uncertainty over future local or national lockdowns due to Covid-19. For this reason, the Directors have concluded that there is material uncertainty in relation to going concern. Further details on this are set out in note 3.

Events after the end of the reporting period

In March 2020 the Covid-19 pandemic hit the UK. In mid-March the government advised customers to stay away from hotels and restaurants and then on 24 March 2020 all hotels were forced to close, including the hotel this company operates.

The Covid-19 pandemic remains a developing situation as at the date of signing the financial statements. While the hotel reopened on 4 July 2020, trade is not yet back to pre-Covid levels due to large meetings and conferences currently not being permitted by the government. Various group-wide marketing initiatives have been launched to attract the "staycation" market in the absence of conference business and the ability to easily travel overseas. To reassure potential guests, enhanced hygiene measures are in place across the hotel and social distancing implemented where possible. As government restrictions ease more services will be offered to guests. The directors do not consider it possible to quantify the ultimate impact of Covid-19 on the business at this time.

In June 2020 the group banking facility was refinanced. The facility has been extended for a further year to 31 December 2023, covenants have been relaxed and altered going forwards, and the repayment schedule adjusted to allow for more working capital to be kept within the group.

Delta Belton Woods Op Co Limited

Directors' Report *(continued)*

Year ended 31 December 2019

Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 25 September 2020 and signed on behalf of the board by:



Mr Gareth Jones
Director

25 September 2020

Delta Belton Woods Op Co Limited

Directors' Responsibilities Statement

Year ended 31 December 2019

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent.
- prepare the financial statements on a 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.

Delta Belton Woods Op Co Limited

Independent Auditor's Report to the Members of Delta Belton Woods Op Co Limited

Year ended 31 December 2019

Opinion

We have audited the financial statements of Delta Belton Woods Op Co Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

Material uncertainty related to going concern

We draw attention to note 3 in the financial statements, which indicates that post year end the company and the wider group within which it sits has been impacted by the Covid-19 pandemic. As stated in note 3, these events or conditions, along with the other matters set out in note 3, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Delta Belton Woods Op Co Limited

Independent Auditor's Report to the Members of Delta Belton Woods Op Co Limited *(continued)*

Year ended 31 December 2019

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Delta Belton Woods Op Co Limited

Independent Auditor's Report to the Members of Delta Belton Woods Op Co Limited *(continued)*

Year ended 31 December 2019

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.

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

Use of our report

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



Jessica Edwards (Senior Statutory Auditor)
For and on behalf of

Haysmacintyre LLP
Chartered accountants & statutory auditor
10 Queen Street Place
London
United Kingdom
EC4R 1AG

Date: 25 September 2020

Delta Belton Woods Op Co Limited

Statement of Comprehensive Income

Year ended 31 December 2019

	Year to 31 Dec 19 £	Period from 18 Aug 17 to 31 Dec 18 £
Turnover	8,304,980	8,810,852
Cost of sales	(1,867,789)	(1,872,534)
Gross profit	6,437,191	6,938,318
Administrative expenses	(7,292,024)	(6,767,429)
Intercompany loan write off	(1,265,172)	713,764
Operating (loss)/profit	(2,120,005)	884,653
(Loss)/profit before taxation	(2,120,005)	884,653
Tax on (loss)/profit	—	—
(Loss)/profit for the financial year and total comprehensive income	(2,120,005)	884,653

All the activities of the company are from continuing operations (2018: continuing operations).

The company has no other recognised items of income and expenses other than the results for the year as set out above.

The notes on pages 10 to 12 form part of these financial statements.

Delta Belton Woods Op Co Limited

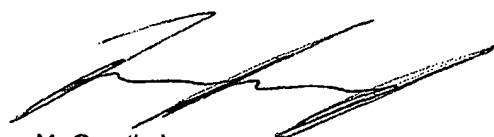
Statement of Financial Position

31 December 2019

	Note	2019 £	2018 £
Current assets			
Stocks		116,608	135,330
Debtors	6	3,023,054	3,473,646
Cash at bank and in hand		123,431	35,800
		<u>3,263,093</u>	<u>3,644,776</u>
Creditors: amounts falling due within one year	7	<u>(4,498,444)</u>	<u>(2,760,122)</u>
Net current (liabilities)/assets		<u>(1,235,351)</u>	<u>884,654</u>
Total assets less current liabilities		<u>(1,235,351)</u>	<u>884,654</u>
Net (liabilities)/assets		<u>(1,235,351)</u>	<u>884,654</u>
Capital and reserves			
Share capital		1	1
Profit and loss account		<u>(1,235,352)</u>	<u>884,653</u>
Shareholders (deficit)/funds		<u>(1,235,351)</u>	<u>884,654</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 25 September 2020, and are signed on behalf of the board by:



Mr Gareth Jones
Director

25 September 2020

Company registration number: 10921650

The notes on pages 10 to 12 form part of these financial statements.

Delta Belton Woods Op Co Limited

Notes to the Financial Statements

Year ended 31 December 2019

1. General information

The company is a private company limited by shares, registered in England & Wales. The address of the registered office is 4th Floor, 22 Baker Street, London, W1U 3BW, England. The principal place of trading is Belton Woods Hotel, Belton, Grantham NG32 2LN.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

In preparing the financial statements, the Directors have made an assessment of the entity's ability to continue as a going concern.

As a result of the Covid-19 crisis in early 2020, the hotel was closed to reduce the ongoing costs of the business during the nationwide lockdown period. On 4 July 2020 the hotel reopened in line with government guidance. The directors prepared budgets and cashflow forecasts based on the different trading environment following the reopening of the hotel, which show that as a group it is expected to generate positive cashflows in due course and on this basis support can be provided to this company as and when required. These forecasts take into account the current and expected future bank facilities within the wider group.

In preparing this analysis, a number of scenarios were modelled ranging from a second lockdown in Winter 2020, with a reduction in forecast sales ranging from 30% to 50% for the rest of 2020. In each scenario, mitigating actions within the control of management have been modelled. The directors acknowledge that it is difficult to predict the overall outcome and impact of Covid-19 at this stage, given the uncertainty in the wider economic and trading environment.

Given the uncertain future trading environment for the hotels within the group, and the fact the company is reliant on group support, there is considered to be material uncertainty over the going concern status of the company.

Revenue recognition

Turnover comprises income from the ownership and operation of hotels, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied and is recognised at the point of sale at which the accommodation and related services are provided.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Delta Belton Woods Op Co Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2019

3. Accounting policies *(continued)*

Debtors

Basic financial assets, including trade and other debtors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash and cash equivalents are represented by cash in hand, deposits held at call with financial institutions, and other short-term highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Creditors

Basic financial liabilities, including trade and other creditors, loans from third parties and loans from related parties, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Such instruments are subsequently carried at amortised cost using the effective interest method, less any impairment.

4. Employee numbers

The average number of persons employed by the company during the year amounted to 200 (2018: 155).

5. Auditors remuneration

The fees payable to the company's auditors for this financial year amounted to £5,500 (2018: £5,000).

6. Debtors

	2019	2018
	£	£
Trade debtors	371,363	182,145
Amounts owed by group undertakings	2,490,783	3,135,687
Prepayments and accrued income	160,908	155,814
	<u>3,023,054</u>	<u>3,473,646</u>

The amounts due from Group undertakings are unsecured, interest free and repayable on demand.

Delta Belton Woods Op Co Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2019

7. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	298,383	223,027
Amounts owed to group undertakings	2,796,412	1,376,638
Accruals and deferred income	1,066,875	861,071
Social security and other taxes	336,775	299,386
	<u>4,498,444</u>	<u>2,760,122</u>

The amounts owed to group undertaking are interest free and repayable on demand.

8. Post balance sheet events

In March 2020 the Covid-19 pandemic hit the UK. In mid-March the government advised customers to stay away from hotels and restaurants and then on 24 March 2020 all hotels were forced to close, including the hotel this company operates.

The Covid-19 pandemic remains a developing situation as at the date of signing the financial statements. While the hotel reopened on 4 July 2020, trade is not yet back to pre-Covid levels due to large meetings and conferences currently not being permitted by the government. Various group-wide marketing initiatives have been launched to attract the "staycation" market in the absence of conference business and the ability to easily travel overseas. To reassure potential guests, enhanced hygiene measures are in place across the hotel and social distancing implemented where possible. As government restrictions ease more services will be offered to guests. The directors do not consider it possible to quantify the ultimate impact of Covid-19 on the business at this time.

In June 2020 the group banking facility was refinanced. The facility has been extended for a further year to 31 December 2023, covenants have been relaxed and altered going forwards, and the repayment schedule adjusted to allow for more working capital to be kept within the group.

9. Ultimate parent undertaking and controlling party

The immediate parent is Delta Belton Woods Holdings Limited, a company registered in Isle of Man.

The ultimate controlling party is Delta Portfolio Property 2 LLP, an entity registered in England & Wales.