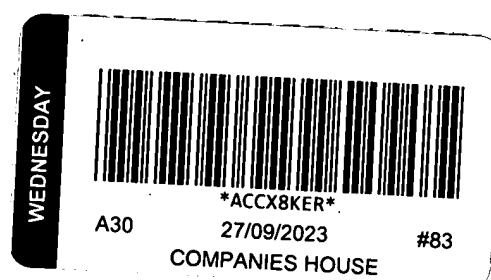


COMPANY REGISTRATION NUMBER: 10921650

Delta Belton Woods Op Co Limited
Filleted Financial Statements
31 December 2022



Delta Belton Woods Op Co Limited

Directors' Responsibilities Statement

Year ended 31 December 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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.

Delta Belton Woods Op Co Limited

Statement of Financial Position

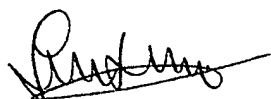
31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	6	331,177	191,737
Current assets			
Stocks		86,861	68,829
Debtors	7	3,266,926	6,326,867
Cash at bank and in hand		59,856	24,514
		<u>3,413,643</u>	<u>6,420,210</u>
Creditors: amounts falling due within one year	8	<u>(7,427,576)</u>	<u>(10,042,224)</u>
Net current liabilities		<u>(4,013,933)</u>	<u>(3,622,014)</u>
Total assets less current liabilities		<u>(3,682,756)</u>	<u>(3,430,277)</u>
Creditors: amounts falling due after more than one year	10	<u>(55,445)</u>	<u>(38,522)</u>
Net liabilities		<u>(3,738,201)</u>	<u>(3,468,799)</u>
Capital and reserves			
Share capital		1	1
Profit and loss account		<u>(3,738,202)</u>	<u>(3,468,800)</u>
Shareholders deficit		<u>(3,738,201)</u>	<u>(3,468,799)</u>

These financial statements have been prepared and delivered 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'.

In accordance with section 444 of the Companies Act 2006, the statement of comprehensive income has not been delivered.

These financial statements were approved by the board of directors and authorised for issue on 22 September 2023, and are signed on behalf of the board by:



Mr Jan Lensen
Director

Company registration number: 10921650

The notes on pages 3 to 9 form part of these financial statements.

Delta Belton Woods Op Co Limited

Notes to the Financial Statements

Year ended 31 December 2022

1. General information

The company is a private company limited by shares, registered in England & Wales. The address of the registered office is 16 Berkeley Street, London, W1J 8DZ, 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' and the Companies Act 2006.

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 assessed the entity's ability to continue as a going concern. They have a reasonable expectation that the company will have adequate resource to continue in operational existence for the foreseeable future, and at a minimum the twelve months from the date of signing these accounts.

The hotel this company operates has continually improved since the Covid-19 lockdowns and is forecast to continue to do so. However, with current global events creating uncertainty and directly impacting the business, management have undertaken the opportunity to reassess the cost base of the company and costs have been cut where appropriate to improve the operating margins and performance of the business in 2023. In March/April 2023 the bank debt (for which this company is a guarantor) required a reduction, and this was reduced to below £115m across the investments of the Delta Portfolio by utilising existing cash reserves. In August 2023 the lenders agreed to amended covenants to take account of the global economic uncertainty whilst the shareholders at the same time injected £10m to reduce the bank debt further for the benefit of all investments.

Cash forecasts have been prepared for the next fifteen months, showing a cash generative position and positive cash balance, as well as compliance with the amended bank covenants. The bank debt in place that supports this company expires in December 2024 and preparations for a refinance will commence prior to the end of 2023. Whilst there is uncertainty at this time over the exact refinance strategy that will be undertaken (rate, lenders, etc), this is not considered material to the going concern position of the company. There is also the option of selling the portfolio or for the shareholders to purchase the bank debt. For these reasons, the directors have concluded that it is appropriate for these financial statements to be prepared on the going concern basis.

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.

Delta Belton Woods Op Co Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

Government grant income

Government grants are accounted for under the accrual model, and therefore recognised in other operating income on a systematic basis over the periods for which the associated costs are recognised. They are classified as other operating income in Statement of Comprehensive Income, and other debtors in the Statement of Financial Position. The company received £nil (2021: £366,688) of government grants in the form of the Coronavirus Job Retention Scheme (CJRS), of which £nil is included in other debtors at 31 December 2022 (2021: £nil). The remaining amount within other operating income relates to other government grants received to help the hotel recover from the Covid-19 pandemic. There are no unfulfilled conditions or contingencies in relation to this grant income as at the year end date.

Finance leases

At inception the group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Finance leases

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. The lease is deemed to commence on the earliest of delivery of asset, or formal signing. Where the implicit rate cannot be determined, the group's incremental borrowing rate is used.

The tangible element of the lease is recorded as a tangible asset and is depreciated over the term of the lease. The capital element of lease obligations is recorded as a liability on commencement of the lease. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Delta Belton Woods Op Co Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

3. Accounting policies *(continued)*

Tangible fixed assets

Tangible fixed assets that have a value in excess of £5k for each individual item are capitalised.

Depreciation

Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

- Fixtures, fittings and equipment - 4 years

Depreciation commences once the asset is in use.

The asset's residual value, useful life and depreciation method is reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income or losses' in the statement of comprehensive income.

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.

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.

Delta Belton Woods Op Co Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

3. Accounting policies *(continued)*

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the charge associated with the provision as an expense in the statement of comprehensive income. Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation.

4. Employee numbers

The average number of persons employed by the company during the year amounted to 194 (2021: 160).

5. Auditors remuneration

The fees payable to the company's auditors for this financial year amounted to £7,300 (2021: £6,680).

6. Tangible assets

	Fixtures, fittings and equipment £
Cost	
At 1 January 2022	203,451
Additions	211,850
At 31 December 2022	415,301
Depreciation	
At 1 January 2022	11,714
Charge for the year	72,410
At 31 December 2022	84,124
Carrying amount	
At 31 December 2022	331,177
At 31 December 2021	191,737

The net book value of fixtures, fittings and equipment includes an amount of £75,469 (2021: £49,472) in respect of assets held under finance lease.

Delta Belton Woods Op Co Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

7. Debtors

	2022	2021
	£	£
Trade debtors	127,220	85,028
Amounts owed by group undertakings	2,946,499	6,156,186
Prepayments and accrued income	193,207	85,653
	<u>3,266,926</u>	<u>6,326,867</u>

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

8. Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	394,601	172,141
Amounts owed to group undertakings	5,195,043	8,242,609
Accruals and deferred income	1,278,339	1,189,139
Social security and other taxes	243,254	69,921
Obligations under finance leases and hire purchase contracts	22,506	10,950
Other creditors	1,862	28,029
Provision (see note 9)	291,971	329,435
	<u>7,427,576</u>	<u>10,042,224</u>

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

Included within other creditors is £1,369 (2021: £322) owing in respect of the defined contribution pension scheme for employees.

Delta Belton Woods Op Co Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

9. Provision

	2022 £
At 1 January	329,435
Charge for the year	386,518
Utilisation for the year (capex)	(202,571)
Utilisation for the year (FF&E)	(221,410)
At 31 December	<u>291,972</u>

Provisions at year end relate to FF&E spend which the company is committed to through its hotel management agreement, as well as any committed contractual costs. The hotel operating companies in the Delta investment structure, of which this entity is one, are required to spend 4% p.a. of revenues in total, each year, on the hotels they lease in order to maintain standards. This obligation is set out in the terms of the hotel management agreement. As the spending requirement is across all operating entities, rather than a fixed 4% p.a. per company, any obligation at 31 December 2022 is allocated between each company. The year-end provision allocated to this entity for FF&E therefore reflects their portion of the obligation that is yet to be fulfilled. The nature, the timing and the value of this commitment is still subject to ongoing discussion.

10. Creditors: amounts falling due after more than one year

	2022 £	2021 £
Finance lease	<u>55,445</u>	<u>38,522</u>

The finance leases relate to the purchase of gym equipment at the Hotel. The equipment was acquired on a four-year hire purchase agreement at the end of 2021 and during 2022. The future minimum finance lease payments are as follows:

	2022 £	2021 £
Within one year	28,372	14,600
Later than one year but not later than five years	<u>61,403</u>	<u>43,798</u>
	<u>89,774</u>	<u>58,398</u>

11. Summary audit opinion

The auditor's report for the year dated 31/12/22 was unqualified.

The senior statutory auditor was Isabelle Shepherd, for and on behalf of Haysmacintyre LLP.

12. Financial commitments and guarantees

The company, along with other entities in the same investment structure, is a guarantor on the bank debt totalling £133,156,672 (2021: £134,156,672) as at 31 December 2022. The debt is repayable on a quarterly basis with an additional amount due in March 2023 and a final repayment on 31 December 2024. The debt was brought to below £115,000,000 in April 2023 and below £105,000,000 in August 2023.

Delta Belton Woods Op Co Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

13. Ultimate parent undertaking and controlling party

The immediate parent is Delta Belton Woods Holdings Limited, a company registered in Isle of Man at Victoria Road, Douglas, Isle of Man, IM2 4DF.

The ultimate controlling party is Delta Portfolio Property 2 LLP, an entity registered in England & Wales at 16 Berkeley Street, London, W1J 8DZ.