

REGISTERED NUMBER: SC604838 (Scotland)

Companies House

SMART DREAM HOTELS LTD

FINANCIAL STATEMENTS

FOR THE PERIOD 1 SEPTEMBER 2019 TO 31 MAY 2020



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COMPANIES HOUSE

SMART DREAM HOTELS LTD

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FOR THE PERIOD 1 SEPTEMBER 2019 TO 31 MAY 2020**

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SMART DREAM HOTELS LTD
COMPANY INFORMATION
FOR THE PERIOD 1 SEPTEMBER 2019 TO 31 MAY 2020

DIRECTORS: Margaret Craigie Smart
Colin Methven Smart

REGISTERED OFFICE: Dean Park Hotel
Chapel Level
Kirkcaldy
Fife
KY2 6HF

REGISTERED NUMBER: SC604838 (Scotland)

AUDITORS: Milne Craig
Chartered accountants
Statutory auditor
Abercorn House
79 Renfrew Road
Paisley
Renfrewshire
PA3 4DA

BANKERS: HSBC
Hobart House
76 Hanover Street
Edinburgh
EH2 1HQ

SOLICITORS: Andrew K Price
18 Whytecauseway
Kirkcaldy
Fife
KY1 1XF

SMART DREAM HOTELS LTD (REGISTERED NUMBER: SC604838)

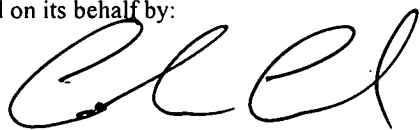
**BALANCE SHEET
31 MAY 2020**

	Notes	2020 £	2019 £
FIXED ASSETS			
Tangible assets	4	3,101,204	-
CURRENT ASSETS			
Stocks	5	25,639	-
Debtors	6	99,476	-
Cash at bank and in hand		70,465	2
		<u>195,580</u>	<u>2</u>
CREDITORS			
Amounts falling due within one year	7	<u>2,162,387</u>	-
NET CURRENT (LIABILITIES)/ASSETS		<u>(1,966,807)</u>	<u>2</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,134,397</u>	<u>2</u>
CREDITORS			
Amounts falling due after more than one year	8	<u>1,535,930</u>	-
NET (LIABILITIES)/ASSETS		<u><u>(401,533)</u></u>	<u><u>2</u></u>
CAPITAL AND RESERVES			
Called up share capital		2	2
Retained earnings		<u>(401,535)</u>	-
		<u><u>(401,533)</u></u>	<u><u>2</u></u>

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Statement of Income and Retained Earnings has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 1 February 2021 and were signed on its behalf by:



Colin Methven Smart - Director

The notes form part of these financial statements

SMART DREAM HOTELS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 SEPTEMBER 2019 TO 31 MAY 2020

1. STATUTORY INFORMATION

Smart Dream Hotels Ltd is a private company, limited by shares, registered in Scotland. The company's registration number is SC604838 and registered office address is Dean Park Hotel, Chapel Level, Kirkcaldy, Fife, KY2 6HF.

The nature of the company's operations and its principal activity was that of hotel operators.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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 £.

Going concern

Like most businesses, the company was significantly impacted by the emergence of Covid-19 in early 2020, and sadly had to temporarily close the Hotel to comply with the Governments emergency restrictions placed on the hospitality sector.

The company made best use of the Government Coronavirus Job Retention Scheme in order to offset the effects of the restrictions and continue to do so whilst this support is available, and restrictions remain to limit our regular business.

The Directors believe that despite the significant impact of Covid-19 and the uncertainty that the economy faces at the moment, that the business will continue to recover. Since reopening we have adapted the service and there has been a renewed influx of demand for the facilities. It is anticipated that we will continue to welcome the public back safely in increasing numbers as restrictions are eased in the coming year.

The directors can also confirm that the loan from Kingdom Homes Limited of which they are shareholders, will not be recalled, and that Kingdom Homes Limited are happy to continue supporting Smart Dream Hotels Ltd for at least 12 months from the date of approval of these financial statements.

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

Critical accounting judgements and key sources of estimation uncertainty

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

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

Assets are considered for indications of impairment. If required an impairment review will be carried out and a decision made on possible impairment. 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.

Bad debts are provided for where objective evidence of the need for a provision exists.

Inventories are assessed for evidence of obsolescence and a provision is made against any inventory unlikely to be sold, or where stock is sold post year end at a loss.

SMART DREAM HOTELS LTD

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE PERIOD 1 SEPTEMBER 2019 TO 31 MAY 2020

2. ACCOUNTING POLICIES - continued

Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Consideration is given to the point at which the Company is entitled to receive the income, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue from the provision of services is recognised in the period in which the services are provided when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due;
- the costs incurred can be measured reliably.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Improvements to property	- 10% on cost
Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 25% on reducing balance

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of assets received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

SMART DREAM HOTELS LTD

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE PERIOD 1 SEPTEMBER 2019 TO 31 MAY 2020

2. ACCOUNTING POLICIES - continued

Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transactions costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, 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. Financial liabilities classified as payable within one year are not amortised.

SMART DREAM HOTELS LTD

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE PERIOD 1 SEPTEMBER 2019 TO 31 MAY 2020

2. ACCOUNTING POLICIES - continued

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only 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.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

Deferred tax assets and deferred tax liabilities are offset only if the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Cash and cash equivalents

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

SMART DREAM HOTELS LTD

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE PERIOD 1 SEPTEMBER 2019 TO 31 MAY 2020

2. ACCOUNTING POLICIES - continued

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

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

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal.

An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the period was 34 (2019 - NIL).

4. TANGIBLE FIXED ASSETS

	Freehold property £	Improvements to property £	Fixtures and fittings £
COST			
Additions	1,689,674	1,362,912	79,114
At 31 May 2020	1,689,674	1,362,912	79,114
DEPRECIATION			
Charge for period	25,345	63,171	10,182
At 31 May 2020	25,345	63,171	10,182
NET BOOK VALUE			
At 31 May 2020	1,664,329	1,299,741	68,932

SMART DREAM HOTELS LTD

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 SEPTEMBER 2019 TO 31 MAY 2020**

4. TANGIBLE FIXED ASSETS - continued

	Motor vehicles £	Computer equipment £	Totals £
COST			
Additions	60,035	19,973	3,211,708
At 31 May 2020	60,035	19,973	3,211,708
DEPRECIATION			
Charge for period	8,564	3,242	110,504
At 31 May 2020	8,564	3,242	110,504
NET BOOK VALUE			
At 31 May 2020	51,471	16,731	3,101,204

5. STOCKS

	2020 £	2019 £
Stocks	25,639	-

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Other debtors	1,126	-
Value added tax	57,777	-
Prepayments and accrued income	40,573	-
	99,476	-

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Bank loans and overdrafts	62,216	-
Trade creditors	99,641	-
Amounts owed to group undertakings	1,860,055	-
Social security and other taxes	5,514	-
Other creditors	96,065	-
Accruals and deferred income	38,896	-
	2,162,387	-

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £	2019 £
Bank loans - 1-2 years	90,000	-
Bank loans - 2-5 years	1,445,930	-
	1,535,930	-

SMART DREAM HOTELS LTD

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE PERIOD 1 SEPTEMBER 2019 TO 31 MAY 2020

9. SECURED DEBTS

The following secured debts are included within creditors:

	2020	2019
	£	£
Bank loans	1,598,146	-

The loan from HSBC Bank plc are repayable in monthly instalments. The loan incurs interest of 2.5% over the Bank of England base rate as published from time to time and is due for repayment in January 2023.

HSBC Bank plc holds a standard security over the company's property and a floating charge over the whole assets of the company. In addition there is a cross guarantee between Smart Dream Hotels Ltd and Kingdom Homes Limited.

10. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Alex Webb BAcc FCCA (Senior Statutory Auditor)
for and on behalf of Milne Craig

11. RELATED PARTY DISCLOSURES

Included within creditors is an amount due to Kingdom Homes Limited amounting to £1,860,055 (2019 - nil).

All directors who are considered to be key management personnel who are remunerated from another company.

12. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Mr & Mrs Smart by virtue of their shareholding.