

Financial Statements for the Year Ended 30 November 2020

for

Scafell Hotel Limited

Contents of the Financial Statements
for the year ended 30 November 2020

	Page
Company Information	1
Balance Sheet	2
Notes to the Financial Statements	4

Scafell Hotel Limited

Company Information

for the year ended 30 November 2020

DIRECTORS:

W M Jessop MBE
A G Nelson

SECRETARY:

A G Nelson

REGISTERED OFFICE:

Rosthwaite
Keswick
Cumbria
CA12 5XB

REGISTERED NUMBER:

00482705 (England and Wales)

ACCOUNTANTS:

Atraxa Consulting Limited
Brooke's Mill
Armitage Bridge
Huddersfield
West Yorkshire
HD4 7NR

SOLICITORS:

Ramsdens Solicitors LLP
Oakley House
1 Hungerford Road
Huddersfield
HD3 3AL

Scafell Hotel Limited (Registered number: 00482705)

Balance Sheet

30 November 2020

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Tangible assets	4		2,298,622		2,099,991
CURRENT ASSETS					
Stocks		10,000		18,069	
Debtors	5	5,854		10,122	
Cash at bank and in hand		<u>11</u>		<u>330,983</u>	
		15,865		359,174	
CREDITORS					
Amounts falling due within one year	6	<u>676,409</u>		<u>763,174</u>	
NET CURRENT LIABILITIES			<u>(660,544)</u>		<u>(404,000)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,638,078		1,695,991
CREDITORS					
Amounts falling due after more than one year	7		<u>1,470,287</u>		<u>1,507,816</u>
NET ASSETS			<u>167,791</u>		<u>188,175</u>
CAPITAL AND RESERVES					
Called up share capital		60,000		60,000	
Revaluation reserve	9	1,825,091		1,585,091	
Retained earnings		<u>(1,717,300)</u>		<u>(1,456,916)</u>	
SHAREHOLDERS' FUNDS			<u>167,791</u>		<u>188,175</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 30 November 2020.

The members have not required the company to obtain an audit of its financial statements for the year ended 30 November 2020 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The notes form part of these financial statements

Scafell Hotel Limited (Registered number: 00482705)

Balance Sheet - continued

30 November 2020

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 Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 19 August 2021 and were signed on its behalf by:

A G Nelson - Director

Notes to the Financial Statements

for the year ended 30 November 2020

1. STATUTORY INFORMATION

Scafell Hotel Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

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 as modified by the revaluation of certain assets.

Going concern

The financial statements have been prepared on a going concern basis which assumes that the company will have sufficient funding available to enable it to continue to operate for the foreseeable future.

The company has net current liabilities of £660,544 and meets its day to day working capital requirements from a long term bank loan, a bank overdraft facility and loans from the directors. The seasonal nature of the company's business is such that there can be significant variation in the timing of cash flows and consequently the margin of available cash resources over requirements is not large.

During the year, the hotel has been closed for several periods as a consequence of COVID lockdown restrictions. The company has been in receipt of both government grants and claims made under the Job Retention Scheme which has provided some additional working capital funding. Subsequent to the year end, COVID lockdown restrictions were lifted in May 2021 and the hotel has been able to re-open and trading has been strong. In addition, the company has received proceeds from Business Interruption insurance claims and further receipts from the Job Retention Scheme.

The directors have prepared cash flow forecasts for the company for the next 12 months and are confident that, taking into account post year-end receipts from insurance claims and furlough scheme, the company will have sufficient available funds in place in order to operate satisfactorily and to remain within its agreed banking terms.

On this basis, the directors consider it appropriate to prepare the accounts on a going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of the company's current bank and financing facilities or a withdrawal of the directors' continued financial support, or if the directors are unable to secure the required additional working capital funding..

Significant judgements and estimates

There are no material judgements made by the directors, in the application of these accounting policies that are expected to have a significant effect on the financial statements or any estimates with a significant risk of material adjustment in the next year.

Revenue

Revenue represents sales (excluding VAT and similar taxes) of goods and services, net of discounts, provided in the normal course of business and recognised when services have been rendered.

Revenue is primarily derived from hotel operations, including the rental of rooms and food and beverage sales. Revenue is recognised when rooms are occupied and food and beverages are sold.

Notes to the Financial Statements - continued

for the year ended 30 November 2020

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

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

Fixtures, fittings and equipment - 20% on cost and 10% on cost

Tangible fixed assets are initially recognised at purchase cost. Fixtures, fittings and equipment are subsequently measured at cost less accumulated depreciation, based on the useful lives of those assets.

Freehold land and buildings are subsequently measured at fair value and are carried at a revalued amount, which is usually market value which has been determined from market-based evidence by appraisal that is normally undertaken by professionally qualified valuers. No depreciation is provided on freehold land and buildings. This is on the basis that depreciation is not material on the company's freehold property due to a long useful economic life, a high residual value and regular revaluations. The property is subject to regular maintenance and repair, the costs of which are charged to the profit and loss account, so that the property maintains a high performance standard.

An impairment review is performed annually on the property at the end of each accounting period where no depreciation has been charged due to immateriality where the estimated residual value is not markedly different from the carrying value.

Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Stocks

Stocks have been taken and valued at the lower of cost and net realisable value.

Financial instruments

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks, bank overdrafts and cash in hand.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Bank and other borrowings

Bank and other borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. They are subsequently measured at amortised cost. Finance charges, including the transaction costs are charged to the income statement using the effective interest rate method.

Borrowings are classified as non-current when the repayment date is more than 12 months from the period-end date or where they are drawn on a facility with more than 12 months to expiry.

Notes to the Financial Statements - continued
for the year ended 30 November 2020

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the period comprises, where relevant, current and deferred tax. Tax charges and credits are recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company makes contributions to defined contribution pension schemes for its employees. Contributions are charged to the income statement in the period to which they relate.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 25 (2019 - 25) .

4. TANGIBLE FIXED ASSETS

	Land and buildings £	Fixtures, fittings and equipment £	Totals £
COST OR VALUATION			
At 1 December 2019	1,980,000	227,661	2,207,661
Additions	-	6,687	6,687
Revaluations	240,000	-	240,000
At 30 November 2020	<u>2,220,000</u>	<u>234,348</u>	<u>2,454,348</u>
DEPRECIATION			
At 1 December 2019	-	107,670	107,670
Charge for year	-	48,056	48,056
At 30 November 2020	<u>-</u>	<u>155,726</u>	<u>155,726</u>
NET BOOK VALUE			
At 30 November 2020	<u>2,220,000</u>	<u>78,622</u>	<u>2,298,622</u>
At 30 November 2019	<u>1,980,000</u>	<u>119,991</u>	<u>2,099,991</u>

Notes to the Financial Statements - continued
for the year ended 30 November 2020

4. TANGIBLE FIXED ASSETS - continued

Cost or valuation at 30 November 2020 is represented by:

	Land and buildings £	Fixtures, fittings and equipment £	Totals £
Valuation in 2003	1,150,000	50,000	1,200,000
Valuation in 2008	950,000	100,000	1,050,000
Valuation in 2011	(437,000)	187,000	(250,000)
Valuation in 2017	317,000	(117,000)	200,000
Valuation in 2020	240,000	-	240,000
Cost	-	14,348	14,348
	<u>2,220,000</u>	<u>234,348</u>	<u>2,454,348</u>

If tangible fixed assets had not been revalued they would have been included at the following historical cost:

	2020 £	2019 £
Cost	<u>1,419,893</u>	<u>1,413,206</u>
Aggregate depreciation	<u>977,376</u>	<u>929,320</u>

Freehold property and fixtures were valued on an open market basis on 30 November 2020 by the directors of the company .

The directors have reviewed the carrying value of the company's land and buildings at 30 November 2020 and have considered it appropriate to reflect an increase in valuation. The directors have estimated that the value has increased by £240,000. The directors intend to have a professional valuation of the land and buildings undertaken in the near future.

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade debtors	3,261	2,726
Other debtors	<u>2,593</u>	<u>7,396</u>
	<u>5,854</u>	<u>10,122</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Bank loans and overdrafts	208,634	125,908
Trade creditors	49,974	91,864
Taxation and social security	54,052	76,017
Other creditors	<u>363,749</u>	<u>469,385</u>
	<u>676,409</u>	<u>763,174</u>

Notes to the Financial Statements - continued

for the year ended 30 November 2020

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

Included within other creditors is a loan from Mr WM Jessop amounting to £325,440 (2019: £332,940). This loan is unsecured and interest free. There is no formal repayment date for this loan, however, Mr Jessop has indicated that he does not intend to require repayment until such time as the company has sufficient cash resources to repay the loan without this having an adverse effect on the company's day to day operations.

Also included in other creditors in the prior year was a loan from a third party of £8,000 - this loan was unsecured and repayable on demand and was repaid in the year ended 30 November 2020.

Other creditors also include an amount of £12,556 (2019: £7,529) of accrued bank and other loan interest. Further details of loans are set out in note 9.

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

	2020	2019
	£	£
Bank loans	970,287	1,007,816
Other creditors	500,000	500,000
	<u>1,470,287</u>	<u>1,507,816</u>

8. SECURED DEBTS

The following secured debts are included within creditors:

	2020	2019
	£	£
Bank overdrafts	109,982	27,256
Bank loans	1,068,939	1,106,468
Other loans	500,000	585,734
	<u>1,678,921</u>	<u>1,719,458</u>

The company has a term loan and overdraft from its principal banker. The overdraft amounts to £109,982 and is due for repayment on demand. The loan amounts to £1,068,939. This is repayable in equal quarterly instalments of £24,663 for 4 years, after which the balance of the loan is fully repayable. Interest on the loan is charged at a rate of 2.75% over 3 month LIBOR. The loan is secured by a first charge over the company's freehold property.

The company also has a loan from a third party of £500,000. Interest accrues on this loan at the rate of 4.5% above the base rate of Barclays Bank plc. The loan is repayable in October 2024. The loan is secured by way of a director's personal guarantee. Interest accrued at 30 November 2020 is included within Other Creditors due within one year.

9. RESERVES

	Revaluation reserve £
At 1 December 2019	1,585,091
Revaluation	<u>240,000</u>
At 30 November 2020	<u>1,825,091</u>

Notes to the Financial Statements - continued
for the year ended 30 November 2020

10. RELATED PARTY DISCLOSURES

The company has a loan amounting to £325,440 (2019: £332,940) from one of its directors and its majority shareholder, Mr WM Jessop. This loan is unsecured and interest free. There is no formal repayment date for this loan, however, Mr Jessop has indicated that he does not intend to require repayment until such time as the company has sufficient cash resources to repay the loan without this having an adverse effect on the company's day to day operations.

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.