

Company Registration No. 00864881 (England and Wales)

CHEWTON GLEN HOTELS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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CHEWTON GLEN HOTELS LIMITED

COMPANY INFORMATION

Directors	Mr I M Livingstone Mr A W Stembridge Mr D Taljaard
Company number	00864881
Registered office	Chewton Glen Hotel New Milton Hampshire BH25 6QS
Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

CHEWTON GLEN HOTELS LIMITED

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CHEWTON GLEN HOTELS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Principal activities, fair review of the business and future developments

The company's principal activity is the ownership and operation of the Chewton Glen hotel.

During the year the company achieved turnover of £20.6m (2020: £13.3m) and operating profit of £5.2m (2020: £2.4m). During the year net assets increased to £28.3m (2020: £23.3m).

The directors consider the financial position and future prospects at 31 December 2021 to be satisfactory. The directors expect Covid-19 to have a diminishing impact on the trading activities and future profitability of the company.

Principal risks and uncertainties

The key business risks and uncertainties affecting the company are considered to relate to the fact that the company operates within a highly competitive market place, in an industry that is heavily influenced by economic conditions. Although the company was subject to interest rate risk, this is monitored closely and has not significantly impacted the company in the absence of exceptional interest rate movements.

Key performance indicators

Chewton Glen Hotels Limited is managed by the directors in accordance with the strategies of its ultimate parent company, London and Regional Group Hotels Ltd. For this reason, the directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. These strategies and key performance indicators are discussed in the company's ultimate parent's group annual report which does not form part of this report.

Going concern

The company's parent CG Hotel Holding Limited holds a loan to which the company is a guarantor. The parent company has been compliant with its loan covenants during the year. Management does not expect the covenants to be breached in the foreseeable future. The loan is due for full repayment in January 2023, however the directors expect the parent company to refinance. The directors have an excellent relationship with the bank and the directors are fully expecting there will be no issues with securing the requested funding. The parent company London and Regional Group Hotel holdings Limited has the available liquidity to support the parent entity if necessary.

The directors continue to adopt the going concern basis of preparing the financial statements.

On behalf of the board



Mr D Taljaard

Director

30/6/2022

CHEWTON GLEN HOTELS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and audited financial statements for the year ended 31 December 2021.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr I M Livingstone
Mr A W Stembridge
Mr D Taljaard

Results and dividends

The results for the year are set out on page 8.

The business review, future developments, principal risks and uncertainties and going concern are included in the strategic report.

No ordinary dividends were paid during the year (2020: £nil). The directors do not recommend the payment of a final dividend (2020: £nil).

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Price risk, credit risk, liquidity risk and cash flow risk

Sustained average rate is indicative of low price risk and internal funding limits credit risk. The company maintains appreciable cash balances rather than overdrafts, thus limiting liquidity and cash flow risk.

Disabled persons

Full and fair consideration is given to applications for employment by disabled persons, having regard to their principal aptitudes and abilities.

Employee engagement

The Company is committed to maintaining the cooperation and involvement of its employees in the future of the business, including various economic and financial factors affecting the performance of the Company. This is archived through regular communications with employees through informal and formal meetings and internal notices.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment within the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The Company is committed to equal opportunity in the workplace. The Company seeks equal opportunities in employment through recruitment, promotion and training policies.

The Company encourages employee involvement in its affairs and makes use of an intranet system to promote such involvement and to aid communication with employees. Dialogue takes place regularly with employees to make them aware of the financial and economic factors affecting the performance of the Company. Performance related bonus schemes are in operation throughout the Company.

CHEWTON GLEN HOTELS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Directors' confirmations

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 auditors are 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 auditors are aware of that information.

On behalf of the board



Mr D Taljaard

Director

Date: 30/6/2022

CHEWTON GLEN HOTELS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

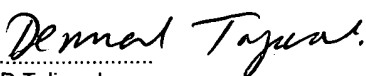
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

On behalf of the board


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Mr D Taljaard
Director

Date: 30/02/2022

CHEWTON GLEN HOTELS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CHEWTON GLEN HOTELS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Chewton Glen Hotels Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2021; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

CHEWTON GLEN HOTELS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF CHEWTON GLEN HOTELS LIMITED

Reporting on other information (continued)

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety regulations and general data protection regulation (GDPR), and we considered the extent to which non-compliance might have a material effect on the financial statements.

CHEWTON GLEN HOTELS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF CHEWTON GLEN HOTELS LIMITED

Auditors' responsibilities for the audit of the financial statements (continued)

We also considered those laws and regulations that have a direct impact on the financial statements such as the requirements of Companies Act 2006 and UK tax regulations. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the risk that management may record inappropriate journal entries and the risk of bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Enquiring of management and those charged with governance, of the policies and procedures to prevent and detect fraud as well as enquiries around actual and potential litigation and claims;
- Enquiring of those charged with governance as to whether management have knowledge of any actual, suspected or alleged fraud;
- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; and
- Assessing the reasonableness of key accounting estimates (because of the risk of management bias), including challenging assumptions and judgements made by management in their significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.


Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Suzanne Woolfson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 June 2022

CHEWTON GLEN HOTELS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £'000	2020 £'000
Turnover	3	20,554	13,270
Cost of sales		(2,326)	(1,661)
Gross profit		18,228	11,609
Administrative expenses		(14,014)	(10,473)
Other operating income		1,029	1,258
Operating profit	4	5,243	2,394
Interest receivable and similar income	7	-	1
Interest payable and similar expenses	8	(7)	(10)
Profit before taxation		5,236	2,385
Tax on profit	9	(235)	77
Profit for the financial year		5,001	2,462
Other comprehensive income		-	-
Total comprehensive income for the year		5,001	2,462

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


CHEWTON GLEN HOTELS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000	2020 £'000
Fixed assets				
Tangible assets	10		24,315	26,068
Current assets				
Stocks	11	324		320
Debtors	12	11,120		3,492
Cash at bank and in hand		1,353		1,174
		<u>12,797</u>		<u>4,986</u>
Creditors: amounts falling due within one year	13	<u>(6,921)</u>		<u>(6,099)</u>
Net current assets/(liabilities)			<u>5,876</u>	<u>(1,113)</u>
Total assets less current liabilities			<u>30,191</u>	<u>24,955</u>
Creditors: amounts falling due after more than one year	14		(65)	(65)
Provisions for liabilities	15		<u>(1,844)</u>	<u>(1,609)</u>
Net assets			<u>28,282</u>	<u>23,281</u>
Capital and reserves				
Called up share capital	18		75	75
Retained earnings			<u>28,207</u>	<u>23,206</u>
Total equity			<u>28,282</u>	<u>23,281</u>

The financial statements on pages 8 to 23 were approved by the board of directors and authorised for issue on 30/6/2022 and are signed on its behalf by:



 Mr D Taljaard
 Director

Company Registration No. 00864881

CHEWTON GLEN HOTELS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2020	75	20,744	20,819
Profit for the financial year and total comprehensive income	-	2,462	2,462
Balance at 31 December 2020	75	23,206	23,281
Profit for the financial year and total comprehensive income	-	5,001	5,001
Balance at 31 December 2021	75	28,207	28,282

CHEWTON GLEN HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

General information

Chewton Glen Hotels Limited is a private company limited by shares incorporated in the United Kingdom and registered in England. The registered office is Chewton Glen Hotel, New Milton, Hampshire, BH25 6QS.

The company owns and operates the Chewton Glen Hotel, Hampshire.

1.1 Statement of compliance

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.

1.2 Basis of preparation and summary of significant accounting policies

The financial statements have been prepared on a going concern basis and under the historical cost convention. The principal accounting policies adopted are set out below.

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 £'000.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

1.3 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions.

As a qualifying entity, the company has taken advantage of the following exemptions:

- from the requirement to prepare a statement of cash flows as required by paragraph 3.17 (d) of FRS 102; and
- from the requirement to present financial instruments disclosures, as required by FRS 102 paragraphs 11.39 to 11.48A, paragraph 12.26 and 12.29.
- from the requirement to disclose transactions or balances with entities which form part of the group as required under section 33.1A of FRS 102.

1.4 Going concern

The company's parent CG Hotel Holding Limited holds a loan to which the company is a guarantor. The parent company has been compliant with its loan covenants during the year. Management does not expect the covenants to be breached in the foreseeable future. The loan is due for full repayment in January 2023, however the directors expect the parent company to refinance. The directors have an excellent relationship with the bank and the directors are fully expecting there will be no issues with securing the requested funding. The parent company London and Regional Group Hotel holdings Limited has the available liquidity to support the parent entity if necessary.

The directors continue to adopt the going concern basis of preparing the financial statements.

CHEWTON GLEN HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

1.5 Turnover

Turnover represents amounts receivable from the provision of hotel services including room hire, bar and restaurant takings and is stated after deduction of value added tax.

Room and inclusive breakfast turnover is recognised at the end of the financial day. All other turnover such as bar and restaurant takings are recognised at the point of sale.

Any deposits are recognised over the period that accommodation services are provided.

Other operating income

Other operating income includes Government grants for the Job Retention Scheme. Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the company will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

The company has utilised the Government's Coronavirus Job Retention Scheme (CJRS'), which allows for businesses to submit claims for repayment of furlough or flexible furlough employee wages as a result of COVID-19.

1.6 Tangible assets

Tangible assets are initially measured at cost and subsequently measured at cost, 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:

Freehold buildings	2% per annum on cost
Fixtures, fittings and equipment	10% per annum on cost
Motor vehicles	20% per annum on cost

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.

1.7 Impairment of 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.

CHEWTON GLEN HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

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.

1.8 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first in, first out, principle and comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing stocks to their existing location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Where necessary provision is made for obsolete, slow moving and defective stocks.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 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.

1.10 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 transaction 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.

CHEWTON GLEN HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

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, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

CHEWTON GLEN HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 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.

1.12 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 statement of comprehensive income 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 to the statement of comprehensive income, 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.

1.13 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 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.

CHEWTON GLEN HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.16 Accrued income

Income is allocated in the period to which it relates, with amounts due but not invoiced at the period end held as accrued income and released to the statement of comprehensive income when invoices are raised.

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grant received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Critical accounting judgements and 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. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Critical judgements in applying the entity's accounting policies

The directors have not applied any judgements in applying the company's accounting policies.

b) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying values of the assets and note 1.6 for the accounting policy.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtors, the aging profile of debtors and historic experience. See note 12 for the carrying values of the assets and note 1.10 for the accounting policy.

CHEWTON GLEN HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Turnover

The total turnover of the company for the year has been derived from its principal activity, the provision of hotel services, wholly undertaken in the England and Wales.

4 Operating profit

	2021 £'000	2020 £'000
This is stated after charging/(crediting):		
Depreciation of owned tangible assets	2,504	995
Operating lease expense - plant and machinery	41	65
Stocks recognised as an expense	320	423
Furlough government credit	(1,029)	(1,258)
Fees payable to the company's auditors for the audit of the company's financial statements	-	-
	<u> </u>	<u> </u>

Auditors' remuneration of £18k (2020: £17k) has been borne by the parent company, London and Regional Group Hotel Holdings Ltd and no recharge has been made for this (2020: £nil).

5 Employees

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

	2021 Number	2020 Number
Administration and support	9	9
Sales, marketing and distribution	2	2
Hotel operations	318	313
	<u> </u>	<u> </u>
	329	324
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2021 £'000	2020 £'000
Wages and salaries	5,924	5,167
Social security costs	413	220
Other pension costs	118	117
	<u> </u>	<u> </u>
	6,455	5,504
	<u> </u>	<u> </u>

6 Directors' remuneration

Directors' remuneration of £353k (2020: £231k) has been paid by fellow subsidiary undertaking Iconic Luxury Hotels Limited, and no recharge has been made to this company.

CHEWTON GLEN HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7 Interest receivable and similar income

2021	2020
£'000	£'000

Interest on bank deposits	-	1
	<u> </u>	<u> </u>

8 Interest payable and similar expenses

2021	2020
£'000	£'000

Preference share dividends	7	6
Interest on bank overdrafts and loans	-	4
	<u> </u>	<u> </u>
	7	10
	<u> </u>	<u> </u>

9 Tax on profit

2021	2020
£'000	£'000

Current tax

UK corporation tax on profits for the current year	-	-
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Deferred tax

Effect of change in corporation tax rate	235	(77)
	<u> </u>	<u> </u>

Total tax charge/(credit)	235	(77)
	<u> </u>	<u> </u>

CHEWTON GLEN HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Tax on profit

Tax assessed for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK for the year of 19.00% (2020: 19.00%). The differences are explained below:

The actual tax charge/(credit) for the year can be reconciled to the expected tax charge based on the profit for the year and the standard rates of tax as follows:

	2021 £'000	2020 £'000
Profit before taxation	5,236	2,385
Profit multiplied by the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	995	453
Origination and reversal of timing differences	-	(77)
Effect of change in corporation tax rate	235	-
Permanent capital allowances in excess of depreciation	287	80
Utilisation of tax losses surrendered across the group	(1,282)	(533)
Tax charge/(credit) for the year	235	(77)

In the current year, the corporation tax charge was reduced by £1,282k (2020: £533k) as a result of losses surrendered by fellow subsidiary undertakings. No payment for this surrender is to be made by the company (2020: £nil).

Factors which may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

CHEWTON GLEN HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 Tangible assets

	Freehold land & Buildings	Fixtures, fittings and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2021	24,924	20,612	10	45,546
Reclassification	350	(350)	-	-
Additions	233	518	-	751
	<u>25,507</u>	<u>20,780</u>	<u>10</u>	<u>46,297</u>
At 31 December 2021				
Accumulated depreciation and impairment				
At 1 January 2021	3,081	16,387	10	19,478
Depreciation charged in the year	425	2,079	-	2,504
	<u>3,506</u>	<u>18,466</u>	<u>9,593</u>	<u>21,982</u>
At 31 December 2021				
Carrying amount				
At 31 December 2021	22,001	2,314	-	24,315
At 31 December 2020	21,843	4,225	-	26,068

11 Stocks

	2021 £'000	2020 £'000
Food and Beverage	209	187
Other consumables	115	133
	<u>324</u>	<u>320</u>

There are no significant differences between the replacement costs of the stocks and their carrying amounts.

Stocks are stated after provisions for impairments of £nil (2020: £nil).

12 Debtors

	2021 £'000	2020 £'000
Trade debtors	424	27
Amounts due from group undertakings	9,641	2,957
Other debtors	377	353
Prepayments and accrued income	442	155
Other taxation and social security	236	-
	<u>11,120</u>	<u>3,492</u>

CHEWTON GLEN HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Debtors

Trade debtors are stated after provisions for impairment of £nil (2020: £nil).

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

13 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	975	3,159
Amounts due to group undertakings	122	1,325
Corporation tax	428	428
Other taxation and social security	228	102
Other creditors	122	185
Accruals and deferred income	5,046	900
	<u>6,921</u>	<u>6,099</u>

Amounts due to group undertakings are repayable on demand, unsecured and interest free.

14 Creditors: amounts falling due after more than one year

	Note	2021 £'000	2020 £'000
Redeemable preference shares	18	<u>65</u>	<u>65</u>

15 Provisions for liabilities

	Note	2021 £'000	2020 £'000
Deferred tax liabilities	16	<u>1,844</u>	<u>1,609</u>

16 Deferred tax

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

	Liabilities 2021 £'000	Liabilities 2020 £'000	Assets 2021 £'000	Assets 2020 £'000
Balances:				
Timing differences on fixed assets	<u>1,844</u>	<u>1,609</u>	<u>-</u>	<u>-</u>

CHEWTON GLEN HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Deferred tax

	2021 £'000
Movements in the year:	
Liability at 1 January	1,609
Charged to profit or loss	235
Liability at 31 December	<u>1,844</u>

There are no unused tax losses or unused tax credits. The net deferred tax liability expected to reverse in 2021 is £nil.

17 Retirement benefit schemes

	2021 £'000	2020 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>118</u>	<u>117</u>

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and the outstanding liability at 31 December 2021 was £35k (2020: £32k).

18 Called up share capital

	2021 £'000	2020 £'000
Ordinary share capital		
Allotted, called up and fully paid		
75,000 (2020: 75,000) ordinary shares of £1	<u>75</u>	<u>75</u>
Preference share capital		
Authorised		
65,000 (2020: 65,000) cumulative redeemable preference shares of £1 each	<u>65</u>	<u>65</u>

Redeemable preference shares

The 10% Cumulative preference shares are redeemable. They are redeemable at £1 per share and carry no voting rights.

CHEWTON GLEN HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

19 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £'000	2020 £'000
Within one year	15	41
Between two and five years	26	-
	<u>41</u>	<u>41</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £41k (2020: £65k).

20 Related party transactions

As the company is a wholly owned subsidiary of London and Regional Group Hotels Ltd, the company has taken advantage of the exemption under section 33.1A of FRS 102 from disclosing transactions or balances with entities which form part of the group.

21 Ultimate controlling party

The immediate parent undertaking is CG Hotel Holding Limited, a company incorporated and registered in England and Wales.

The ultimate parent undertaking is London and Regional Group Hotels Ltd, a company incorporated in England and Wales.

London and Regional Group Hotel Holdings Ltd is the parent undertaking of the smallest group of undertakings to consolidate these financial statements as at 31 December 2021. London and Regional Group Hotels Ltd is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2021. The consolidated financial statements of London and Regional Group Hotel Holdings Ltd and London and Regional Group Hotels Ltd can be obtained from the company secretary at Quadrant House, Floor 6, 4 Thomas More Square, London E1W 1YW.

The ultimate controlling parties are I M Livingstone and R J Livingstone through their joint ownership of London and Regional Group Hotels Ltd.