

MILSOM HOTELS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

MILSOM HOTELS LIMITED

COMPANY INFORMATION

| | |
|---------------------|---|
| Directors | P Milsom G Milsom D Milsom M Gooding |
| Company secretary | M Gooding |
| Registered number | 01642568 |
| Registered office | 5th Floor 167-169 Great Portland Street London W1W 5PF |
| Independent auditor | SB Audit LLP Chartered Accountants & Statutory Auditor Fitzroy House Crown Street Ipswich Suffolk IP1 3LG |

MILSOM HOTELS LIMITED

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MILSOM HOTELS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

Business review

The directors present the Strategic Report for the year ended 31 March 2023 and are pleased to acknowledge another successful year in trading despite challenges following inflationary pressures in the economy.

The Company continues to invest in its properties to strengthen its position in the market as evidenced by the significant levels of capital expenditure in the year. The Company is proud to be championing local food and drink, continuing to support local suppliers and employing a local labour force.

The Company's investment in the joint venture at Kesgrave Hall Limited has also had a successful year in trading and details of the share in the profits and net assets held by Milsom Hotels Limited is set out in note 16.

The Company considers its key financial performance indicators to be growth in turnover, gross profit margin and net margin.

Turnover has increased by 6.3% to £12,130,707 (2022 - £11,411,250).

The gross margin has decreased to 74.4% (2022 - 75.6%) due to inflationary price increases.

Overall, the Company has made a profit before tax of £618,846 (2022 - £1,630,765) and has net assets of £10,585,209 (2022 - £10,269,027). The financial position at year end was considered satisfactory by the directors of the Company to enter its operations for the following year.

Principal risks and uncertainties

The principal risks to the Company are shown below:

UK economy and interest rate risks:

A sudden deterioration in the UK economy or a steep and sudden rise in the interest rates represent the key risks to the business. The directors have many decades of experience in this sector of the hospitality industry and recognise the importance of continued investment alongside a cautious approach to cost control and debt reduction.

MILSOM HOTELS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Financial risk management

The Company's principal financial instruments comprise a bank loan, a bank overdraft, other creditor loans and amounts due from participating interests. The primary purpose of the above is to raise finance for the Company's operations. In addition, the Company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from operations.

The Company's approach to managing the principal risks and uncertainties is shown below.

Interest rate risk:

Whilst the Company is exposed to interest rate risk by virtue of movements in the Bank of England base rate in respect of its borrowings, its exposure is limited by reference to the Company's low gearing.

Liquidity and cash flow risk:

The Company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Company has sufficient liquid resources to meet the operating needs of the business.

Credit risk:

The Company has minimal exposure to credit risk due to the nature of the trading activities. For customers who wish to trade on credit terms, they are subject to credit verification procedures.

Price risk:

The Company reviews its sales prices on an annual basis to ensure it remains competitive. Any fluctuations in the price of importing food and drink are a risk but these are closely monitored by the Company.

Financial key performance indicators

The directors monitor the financial health of the business through the review of monthly management accounts

and review of key performance indicators, such as turnover growth and gross margin.

The Company considers its key performance indicator to be its focus on its gross profit margins, and in doing so

the directors continue to monitor the costs of the Company closely.

Future developments

The Company is investing in consolidating its position in the market by continuing to deliver exceptional customer service and its locations being great places to eat, drink and stay.

MILSOM HOTELS LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

This report was approved by the board on 19 September 2023 and signed on its behalf.

P Milsom
Director

MILSOM HOTELS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

Principal activity

The principal activity of the Company continued to be that of the operation of hotels and restaurants.

Results and dividends

The profit for the year, after taxation, amounted to £496,182 (2022 - £1,291,044).

Particulars of dividends can be found in note 13.

Directors

The directors who served during the year were:

P Milsom
G Milsom
D Milsom
M Gooding

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.

MILSOM HOTELS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Matters covered in the Strategic report

Details of the Company's principal risks and uncertainties, including its use of financial instruments and the key risks to which it is exposed, are included in the Strategic Report.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Our auditors Scrutton Bland LLP transferred their audit registration and therefore that part of their business to a newly incorporated limited liability partnership, SB Audit LLP, on 1 April 2023. Accordingly Scrutton Bland LLP formally resigned as the Company's auditor with the directors duly appointing SB Audit LLP to fill the vacancy arising.

The auditor, SB Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 19 September 2023 and signed on its behalf.

P Milsom
Director

MILSOM HOTELS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILSOM HOTELS LIMITED

Opinion

We have audited the financial statements of Milsom Hotels Limited (the 'Company') for the year ended 31 March 2023, which comprise the statement of comprehensive income, the balance sheet, the statement of cash flows, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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.

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

MILSOM HOTELS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILSOM HOTELS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

MILSOM HOTELS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILSOM HOTELS LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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:

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial experience and through discussions and enquiries of directors and management. During the engagement team briefing, the outcomes of these discussions were shared with the team, as well as consideration as to where and how fraud may occur in the Company.

The following laws and regulations were identified as being of significance to the Company:

- Those laws and regulations considered to have a direct effect on the financial statements including UK financial reporting standards, UK Company Law and UK tax legislation; and
- Those laws and regulations considered to have an indirect effect on the financial statements including licencing requirements, food hygiene, employment law and the Health & Safety Act 1974.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: enquiries of management and those charged with governance as to whether the company complies with such regulations; enquiries of management and those charged with governance concerning any actual or potential litigation or claims, inspection of relevant legal documentation, review of board minutes, testing of journal entries, performance of analytical review to identify any unexpected movements in account balances which may be indicative of fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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

MILSOM HOTELS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILSOM HOTELS LIMITED (CONTINUED)

Use of our report

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

Steven Burgess (senior statutory auditor)

for and on behalf of

SB Audit LLP

Chartered Accountants

Statutory Auditor

Fitzroy House

Crown Street

Ipswich

Suffolk

IP1 3LG

19 September 2023

MILSOM HOTELS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

| | Notes | 2023 £ | 2022 £ |
|--|---------|------------------|------------------|
| Turnover | 4 | 12,130,707 | 11,411,250 |
| Cost of sales | | (3,105,369) | (2,787,808) |
| Gross profit | | 9,025,338 | 8,623,442 |
| Administrative expenses | | (8,413,509) | (7,178,818) |
| Other operating income | 5 | - | 224,434 |
| Operating profit | 6 | 611,829 | 1,669,058 |
| Interest receivable and similar income | 10 | 76,118 | 37,684 |
| Interest payable and similar expenses | 11 | (69,101) | (75,977) |
| Profit before tax | | 618,846 | 1,630,765 |
| Tax on profit | 12 | (122,664) | (339,721) |
| Profit for the financial year | | 496,182 | 1,291,044 |
| Other comprehensive income for the year | | | |
| Change in tax rate on unrealised surplus on revaluation of tangible fixed assets | | - | (451,818) |
| Total comprehensive income for the year | | 496,182 | 839,226 |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) | 900,381 | 1,908,465 | |

MILSOM HOTELS LIMITED

REGISTERED NUMBER: 01642568

**BALANCE SHEET
AS AT 31 MARCH 2023**

| | Notes | 2023 £ | 2022 £ |
|---|-------|--------------------|--------------------|
| Fixed assets | | | |
| Intangible assets | 14 | 5,000 | 7,500 |
| Tangible assets | 15 | 16,321,896 | 15,705,756 |
| Investments | 16 | 100 | 100 |
| | | <u>16,326,996</u> | <u>15,713,356</u> |
| Current assets | | | |
| Stocks | 17 | 269,483 | 293,403 |
| Debtors: amounts falling due after more than one year | 18 | 753,541 | 754,362 |
| Debtors: amounts falling due within one year | 18 | 421,047 | 455,607 |
| Cash at bank and in hand | 19 | 113,875 | 1,144,628 |
| | | <u>1,557,946</u> | <u>2,648,000</u> |
| Creditors: amounts falling due within one year | 20 | (3,058,520) | (4,182,012) |
| Net current liabilities | | <u>(1,500,574)</u> | <u>(1,534,012)</u> |
| Total assets less current liabilities | | <u>14,826,422</u> | <u>14,179,344</u> |
| Creditors: amounts falling due after more than one year | 21 | (1,750,926) | (1,581,324) |
| Provisions for liabilities | | | |
| Deferred tax | 23 | (2,490,287) | (2,328,993) |
| Net assets | | <u>10,585,209</u> | <u>10,269,027</u> |
| Capital and reserves | | | |
| Called up share capital | 24 | 7,000 | 7,000 |
| Revaluation reserve | 25 | 5,533,856 | 5,533,856 |
| Profit and loss account | 25 | 5,044,353 | 4,728,171 |
| | | <u>10,585,209</u> | <u>10,269,027</u> |

MILSOM HOTELS LIMITED

REGISTERED NUMBER:01642568

BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2023

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 September 2023.

P Milsom

Director

The notes on pages 17 to 35 form part of these financial statements.

MILSOM HOTELS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

| | Called up share capital £ | Revaluation reserve £ | Profit and loss account £ | Total equity £ |
|---------------------------|---------------------------------|-----------------------------|---------------------------------|-------------------|
| At 1 April 2021 | 7,000 | 5,985,674 | 3,567,127 | 9,559,801 |
| Profit for the year | - | - | 1,291,044 | 1,291,044 |
| Deferred tax movements | - | (451,818) | - | (451,818) |
| Dividends: Equity capital | - | - | (130,000) | (130,000) |
| At 1 April 2022 | 7,000 | 5,533,856 | 4,728,171 | 10,269,027 |
| Profit for the year | - | - | 496,182 | 496,182 |
| Dividends: Equity capital | - | - | (180,000) | (180,000) |
| At 31 March 2023 | 7,000 | 5,533,856 | 5,044,353 | 10,585,209 |

MILSOM HOTELS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

| | 2023 £ | 2022 £ |
|--|------------------|------------------|
| Cash flows from operating activities | | |
| Profit for the financial year | 496,182 | 1,291,044 |
| Adjustments for: | | |
| Amortisation of intangible assets | 2,500 | 2,500 |
| Depreciation of tangible assets | 286,052 | 236,907 |
| Profit on disposal of tangible assets | (633) | - |
| Interest paid | 69,101 | 75,977 |
| Interest received | (76,118) | (37,684) |
| Taxation charge | 122,664 | 339,721 |
| Decrease/(increase) in stocks | 23,920 | (129,540) |
| Decrease in debtors | 73,190 | 96,505 |
| Decrease/(increase) in amounts owed by participating interests | 821 | (5,726) |
| (Decrease)/increase in creditors | (334,686) | 1,568,579 |
| Corporation tax paid | (206,635) | (126,528) |
| Net cash generated from operating activities | 456,358 | 3,311,755 |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (916,759) | (943,876) |
| Sale of tangible fixed assets | 15,200 | - |
| Interest received | 76,118 | 37,684 |
| HP interest paid | (966) | (1,537) |
| Net cash from investing activities | (826,407) | (907,729) |

MILSOM HOTELS LIMITED

STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

| | 2023 £ | 2022 £ |
|---|--------------------|--------------------|
| Cash flows from financing activities | | |
| Repayment of loans | (937,633) | (1,227,116) |
| Other new loans | - | 186,000 |
| Repayment of other loans | (375,402) | (150,000) |
| Repayment of/new finance leases | (19,534) | (22,856) |
| Shares treated as debt - issued | 1,000,000 | - |
| Shares treated as debt - redeemed | (80,000) | - |
| Dividends paid | (180,000) | (130,000) |
| Interest paid | (68,135) | (74,440) |
| Net cash used in financing activities | (660,704) | (1,418,412) |
| Net (decrease)/increase in cash and cash equivalents | (1,030,753) | 985,614 |
| Cash and cash equivalents at beginning of year | 1,144,628 | 159,014 |
| Cash and cash equivalents at the end of year | 113,875 | 1,144,628 |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 113,875 | 1,144,628 |

The notes on pages 17 to 35 form part of these financial statements.

MILSOM HOTELS LIMITED

ANALYSIS OF NET DEBT FOR THE YEAR ENDED 31 MARCH 2023

| | At 1 April 2022 | Cash flows | Preference share movement | Other non-cash changes | At 31 March 2023 |
|--------------------------|------------------|------------------|---------------------------------|------------------------------|---------------------|
| | £ | £ | £ | £ | £ |
| Cash at bank and in hand | 1,144,628 | (1,950,753) | 920,000 | - | 113,875 |
| Debt due after 1 year | (1,417,333) | 837,333 | (920,000) | (80,371) | (1,580,371) |
| Debt due within 1 year | (593,457) | 387,670 | - | 80,371 | (125,416) |
| Finance leases | (49,575) | 19,534 | - | - | (30,041) |
| | <u>(915,737)</u> | <u>(706,216)</u> | <u>-</u> | <u>-</u> | <u>(1,621,953)</u> |

The notes on pages 17 to 35 form part of these financial statements.

MILSOM HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. General information

Milsom Hotels Limited ("the Company") is a private company limited by shares, domiciled and incorporated in England and Wales. The address of the registered office is 5th Floor, 167-169 Great Portland Street, London, England, W1W 5PF. The principal places of business are the locations of the Milsom hotels and restaurants.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, the Companies Act 2006 and FRC abstracts.

The functional currency is Sterling (£).

The Company has not prepared consolidated financial statements on the basis that its subsidiaries are not material and have been dormant for the current and preceding periods.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis.

The directors have made enquiries and believe that the Company has adequate resources to continue to trade and settle its liabilities for 12 months from signing of these financial statements.

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The Company has the following revenue recognition policies:

Food and drink sales are recognised on the date that goods are supplied to customers.

Hotel sales are recognised on the date that customers stay in the accommodation.

Function sales are recognised on the date that the event takes place.

Turnover excludes income received in advance of events that take place after the balance sheet date. These amounts are recognised in deferred income and released to the profit and loss account when the event takes place.

MILSOM HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.4 Intangible assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis over 10 years to the statement of comprehensive income over its useful economic life.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

| | |
|-----------------------|--|
| Freehold property | - no depreciation charged (see note 3) |
| Motor vehicles | - 25% reducing balance |
| Fixtures and fittings | - 12.5% - 25% reducing balance |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or 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 in profit or loss.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

MILSOM HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.9 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are 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.

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

2.12 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

MILSOM HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.13 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the profit and loss account in the same period as the related expenditure.

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.16 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.17 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

MILSOM HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Depreciation is not charged on freehold property because the directors are of the opinion that the depreciation charge and accumulated depreciation are immaterial as the expected residual value of the properties are not significantly different to the carrying value and the company maintains all its properties in a good state of repair.

Classification of an amount owed from the Company's joint venture is not anticipated to be recovered within 12 months of the balance sheet date and hence is shown as due after more than one year.

MILSOM HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

4. Turnover

An analysis of turnover by class of business is as follows:

| | 2023 £ | 2022 £ |
|--------------------------|-------------------|-------------------|
| Food and drink | 9,833,728 | 9,388,360 |
| Accommodation | 1,381,379 | 1,431,917 |
| Other ancillary turnover | 915,600 | 590,973 |
| | <u>12,130,707</u> | <u>11,411,250</u> |

All turnover arose within the United Kingdom.

5. Other operating income

| | 2023 £ | 2022 £ |
|------------------------------|-----------|----------------|
| Government grants receivable | <u>-</u> | <u>224,434</u> |

The government grants receivable relate to income receivable of £NIL (2022 - £125,767) in respect to the Coronavirus Job Retention Scheme and £NIL (2022 - £98,667) in respect to business support grants.

6. Operating profit

The operating profit is stated after charging:

| | 2023 £ | 2022 £ |
|---|---------------|---------------|
| Depreciation of tangible fixed assets | 286,052 | 236,907 |
| Amortisation of intangible fixed assets | 2,500 | 2,500 |
| Other operating lease rentals | <u>71,013</u> | <u>76,623</u> |

7. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor:

| | 2023 £ | 2022 £ |
|---|-----------|-----------|
| Fee payable for the audit of the Company's financial statements | 17,500 | 15,000 |

MILSOM HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

8. Employees

Staff costs, including directors' remuneration, were as follows:

| | 2023 £ | 2022 £ |
|-------------------------------------|------------------|------------------|
| Wages and salaries | 4,004,923 | 4,126,680 |
| Social security costs | 369,392 | 309,465 |
| Cost of defined contribution scheme | 147,994 | 140,990 |
| | <u>4,522,309</u> | <u>4,577,135</u> |

The average monthly number of employees, including the directors, during the year was as follows:

| | 2023 No. | 2022 No. |
|-------------------------------|-------------|-------------|
| Office and management | 38 | 38 |
| Restaurant, kitchen and hotel | 138 | 250 |
| | <u>176</u> | <u>288</u> |

Due to the nature and seasonality of the business, employee numbers fluctuate throughout the year. At the year end, the contracted number of employees was 215 (2022 - 150).

9. Directors' remuneration

| | 2023 £ | 2022 £ |
|---|----------------|----------------|
| Directors' emoluments | 421,682 | 490,945 |
| Company contributions to defined contribution pension schemes | 40,201 | 41,903 |
| | <u>461,883</u> | <u>532,848</u> |

During the year retirement benefits were accruing to 3 directors (2022 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £203,191 (2022 - £167,810).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,000 (2022 - £10,000).

All key management personnel are directors.

MILSOM HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

10. Interest receivable

| | 2023 £ | 2022 £ |
|---------------------------|---------------|---------------|
| Other interest receivable | <u>76,118</u> | <u>37,684</u> |

11. Interest payable and similar expenses

| | 2023 £ | 2022 £ |
|--|---------------|---------------|
| Bank interest payable | 48,641 | 52,671 |
| Other loan interest payable | 14,353 | 17,769 |
| Preference share dividends | 5,141 | 4,000 |
| Finance leases and hire purchase contracts | 966 | 1,537 |
| | <u>69,101</u> | <u>75,977</u> |

12. Taxation

| | 2023 £ | 2022 £ |
|--|----------------|----------------|
| Corporation tax | | |
| Current tax on profits for the year | (38,630) | 206,635 |
| Deferred tax | | |
| Origination and reversal of timing differences | 161,294 | 23,412 |
| Changes to tax rates | - | 109,674 |
| Total deferred tax | <u>161,294</u> | <u>133,086</u> |
| Taxation on profit on ordinary activities | <u>122,664</u> | <u>339,721</u> |

MILSOM HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - higher than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

| | 2023 £ | 2022 £ |
|--|----------------|------------------|
| Profit on ordinary activities before tax | <u>618,846</u> | <u>1,630,765</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%) | 117,581 | 309,845 |
| Effects of: | | |
| Non-tax deductible amortisation of goodwill and impairment | 475 | 475 |
| Expenses not deductible for tax purposes | 2,265 | 2,524 |
| Changes in tax rate | 38,710 | 109,674 |
| Other differences leading to a decrease in the tax charge | (36,367) | (33,340) |
| Deferred tax asset not previously recognised | - | (49,457) |
| Total tax charge for the year | <u>122,664</u> | <u>339,721</u> |

Factors that may affect future tax charges

The Finance Act 2021 announced an increase of the main rate of UK corporation tax rate from 19% to 25% from 1 April 2023. This was enacted in June 2021. Accordingly, deferred tax assets and liabilities are stated at 25%.

13. Dividends

| | 2023 £ | 2022 £ |
|------------------------|----------------|----------------|
| Dividends - Ordinary | 180,000 | 130,000 |
| Dividends - Preference | 5,141 | 4,000 |
| | <u>185,141</u> | <u>134,000</u> |

MILSOM HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

14. Intangible assets

| | Goodwill £ |
|-----------------------|---------------|
| Cost | |
| At 1 April 2022 | 25,000 |
| At 31 March 2023 | 25,000 |
| Amortisation | |
| At 1 April 2022 | 17,500 |
| Charge for the year | 2,500 |
| At 31 March 2023 | 20,000 |
| Net book value | |
| At 31 March 2023 | 5,000 |
| At 31 March 2022 | 7,500 |

MILSOM HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

15. Tangible fixed assets

| | Freehold property £ | Motor vehicles £ | Fixtures and fittings £ | Total £ |
|--------------------------|---------------------------|---------------------|-------------------------------|------------|
| Cost or valuation | | | | |
| At 1 April 2022 | 13,847,853 | 157,402 | 5,591,100 | 19,596,355 |
| Additions | 2,581 | 14,750 | 899,428 | 916,759 |
| Disposals | - | - | (15,200) | (15,200) |
| At 31 March 2023 | 13,850,434 | 172,152 | 6,475,328 | 20,497,914 |
| Depreciation | | | | |
| At 1 April 2022 | 125,000 | 72,201 | 3,693,398 | 3,890,599 |
| Charge for the year | - | 24,066 | 261,986 | 286,052 |
| Disposals | - | - | (633) | (633) |
| At 31 March 2023 | 125,000 | 96,267 | 3,954,751 | 4,176,018 |
| Net book value | | | | |
| At 31 March 2023 | 13,725,434 | 75,885 | 2,520,577 | 16,321,896 |
| At 31 March 2022 | 13,722,853 | 85,201 | 1,897,702 | 15,705,756 |

The land and buildings were revalued at 31 March 2015 by Frank Knight LLP (Chartered Surveyors), independent valuers not connected with the Company, on a fair value basis. The valuation was based on recent market transactions on an arm's length basis for similar properties. The valuation has been used as the deemed cost upon transition to FRS 102.

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

| | 2023 £ | 2022 £ |
|----------------|-----------|-----------|
| Motor vehicles | 40,219 | 80,515 |

MILSOM HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

16. Fixed asset investments

| | Investments in associates £ |
|--------------------------|-----------------------------------|
| Cost or valuation | |
| At 1 April 2022 | 100 |
| At 31 March 2023 | 100 |

Subsidiary undertakings

The following were associates of the Company:

| Name | Registered office | Principal activity | Class of shares | Holding |
|-----------------------------|--|--------------------|--------------------|----------|
| The Pier at Harwich Limited | Le Talbooth Gun Hill, Dedham, Colchester, England, CO7 6HP | Dormant | Ordinary | 100 % |
| Le Talbooth Dedham Limited | Le Talbooth Gun Hill, Dedham, Colchester, England, CO7 6HP | Dormant | Ordinary | 100 % |

The aggregate of the share capital and reserves as at 31 March 2023 and of the profit or loss for the year ended on that date for the subsidiary undertakings were £nil for both subsidiaries.

Participating interests

The following was a joint venture of the Company:

| Name | Registered office | Principal activity | Holding |
|-----------------------|--|----------------------|---------|
| Kesgrave Hall Limited | Fifth Floor, 167-169 Great Portland Street, London, England, W1W 5PF | Hotel and restaurant | 50 % |

The below disclosures in respect of the joint venture were taken directly from the most recent audited financial statements of Kesgrave Hall Limited for the year ended 31 March 2022.

MILSOM HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Joint ventures

| | 31 March 2022 | 31 March 2021 |
|---|---------------|---------------|
| | £ | £ |
| Fixed assets | 9,764,890 | 9,192,241 |
| Current assets | 1,248,325 | 503,439 |
| Creditors: Amounts falling due within one year | (1,232,635) | (696,807) |
| Creditors: Amounts falling due after one year | (5,481,428) | (6,018,610) |
| Provisions | (721,303) | (426,798) |
| Net assets | 3,577,849 | 2,553,465 |
| Net assets attributable to the company | 1,788,925 | 1,276,733 |
| Turnover | 4,526,691 | 1,586,129 |
| Net expenses | 3,588,341 | (1,466,321) |
| Profit before taxation | 938,350 | 119,808 |
| Taxation | (168,856) | (22,851) |
| Profit for the year | 769,494 | 96,957 |
| Other comprehensive income | 254,890 | - |
| Total comprehensive income | 1,024,384 | 96,957 |
| Total comprehensive income for the year attributable to the company | 512,192 | 48,479 |

17. Stocks

| | 2023 | 2022 |
|-------------------------------|---------|---------|
| | £ | £ |
| Raw materials and consumables | 269,483 | 293,403 |

MILSOM HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

18. Debtors

| | 2023 £ | 2022 £ |
|-------------------------------------|----------------|----------------|
| Due after more than one year | | |
| Due from participating interests | <u>753,541</u> | <u>754,362</u> |
| | 2023 £ | 2022 £ |
| Due within one year | | |
| Trade debtors | 75,025 | 70,243 |
| Other debtors | 151,493 | 135,437 |
| Corporation tax recoverable | 38,630 | - |
| Prepayments and accrued income | <u>155,899</u> | <u>249,927</u> |
| | <u>421,047</u> | <u>455,607</u> |

19. Cash and cash equivalents

| | 2023 £ | 2022 £ |
|--------------------------|----------------|------------------|
| Cash at bank and in hand | <u>113,875</u> | <u>1,144,628</u> |

MILSOM HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

20. Creditors: Amounts falling due within one year

| | 2023 £ | 2022 £ |
|---|------------------|------------------|
| Bank loans | 39,629 | 100,300 |
| Trade creditors | 960,205 | 1,189,563 |
| Corporation tax | - | 206,635 |
| Other taxation and social security | 129,419 | 110,762 |
| Obligations under finance lease and hire purchase contracts | 17,886 | 19,459 |
| Other creditors | 113,398 | 522,991 |
| Accruals and deferred income | 1,797,983 | 2,032,302 |
| | <u>3,058,520</u> | <u>4,182,012</u> |

Disclosure of the terms and conditions attached to the non-equity shares is made in note 24.

The bank overdrafts and loans are secured by legal charges over the Company's freehold property and by fixed and floating charges over the company's assets.

Other creditors of £NIL (2022 - £232,500) are secured by a legal charge dated 9 September 2020 in favour of P Milsom over a certain freehold property of the Company (2022 - in favour of P and D Milsom over a certain freehold property of the Company)

Amounts due under finance leases and hire purchase contracts are secured over the assets to which they relate.

21. Creditors: Amounts falling due after more than one year

| | 2023 £ | 2022 £ |
|--|------------------|------------------|
| Bank loans | 460,371 | 1,337,333 |
| Net obligations under finance leases and hire purchase contracts | 12,155 | 30,116 |
| Accruals and deferred income | 158,400 | 133,875 |
| Share capital treated as debt | 1,120,000 | 80,000 |
| | <u>1,750,926</u> | <u>1,581,324</u> |

The bank overdrafts and loans are secured by legal charges over the Company's freehold property and by fixed and floating charges over the Company's assets.

Amounts due under finance leases and hire purchase contracts are secured over the assets to which they relate.

MILSOM HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

22. Loans

Analysis of the maturity of loans is given below:

| | 2023 £ | 2022 £ |
|--|----------------|------------------|
| Amounts falling due within one year | | |
| Bank loans | 39,629 | 100,300 |
| Amounts falling due 1-2 years | | |
| Bank loans | 460,371 | 100,300 |
| Amounts falling due 2-5 years | | |
| Bank loans | - | 1,237,033 |
| | <u>500,000</u> | <u>1,437,633</u> |

The bank loans attract interest at a rate of 2.40% above the Bank of England base rate. The bank loans are repayable in instalments over the length of 3 years based on a 15 year repayment profile.

23. Deferred taxation

| | 2023 £ | 2022 £ |
|---------------------------------------|--------------------|--------------------|
| At beginning of year | (2,328,993) | (1,744,089) |
| Charged to profit or loss | (161,294) | (133,086) |
| Charged to other comprehensive income | - | (451,818) |
| At end of year | <u>(2,490,287)</u> | <u>(2,328,993)</u> |

The provision for deferred taxation is made up as follows:

| | 2023 £ | 2022 £ |
|--------------------------------|--------------------|--------------------|
| Accelerated capital allowances | (618,643) | (457,349) |
| Revaluations | (1,871,644) | (1,871,644) |
| | <u>(2,490,287)</u> | <u>(2,328,993)</u> |

The deferred tax liability relating to the revaluation of freehold land and buildings set out above is expected to reverse only when the assets are sold as they have an indefinite useful economic life.

MILSOM HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

24. Share capital

| | 2023 £ | 2022 £ |
|---|--------------|--------------|
| Shares classified as equity | | |
| Allotted, called up and fully paid | | |
| 6,900 Ordinary shares of £1.00 each | 6,900 | 6,900 |
| 50 Ordinary A shares of £1.00 each | 50 | 50 |
| 50 Ordinary B shares of £1.00 each | 50 | 50 |
| | <u>7,000</u> | <u>7,000</u> |

Each class of share carries their own right to participate in approved income distributions however otherwise rank pari-passu.

| | 2023 £ | 2022 £ |
|---|------------------|---------------|
| Shares classified as debt | | |
| Allotted, called up and fully paid | | |
| 1,120,000 (2022 - 80,000) Preference shares of £1.00 each | <u>1,120,000</u> | <u>80,000</u> |

During the year the company issued 1,120,000 £1 Non-cumulative, redeemable preference shares with a right to a fixed, Non-cumulative preferential dividend at a rate of 5% per year but with no voting rights or shares of distribution on the winding up of the company. 120,000 of these preference shares were issued on the 22 September 2022 and 1,000,000 were issued on 1 February 2023.

During the year, 80,000 Non-cumulative, redeemable preference shares were redeemed at par.

The preference shares are redeemable via an option at the shareholders discretion on any date following 2 years from the date of issue. There is no premium payable upon redemption.

The preference shares are entitled to a cumulative preferential dividend payable at a rate of 5% payable quarterly in arrears. On winding up, the preference shares rank ahead of any ordinary shares and will be repaid at par.

MILSOM HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

25. Reserves

Revaluation reserve

The revaluation reserve represents the cumulative revaluation gains and losses in respect of land and buildings. The reserve is stated net of associated deferred tax movements.

Profit and loss account

The profit and loss account represents the Company's accumulated profits which are available for distribution to shareholders.

26. Contingent liabilities

During the year, the Company entered into a cross company guarantee which covered any borrowings provided by Barclays Bank Plc to Milsom People Limited, a company under common control. At the year end, Milsom People Limited had borrowings amounting to £NIL.

27. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £147,994 (2022 - £140,990). Contributions totalling £16,295 (2022 - £15,309) were payable to the fund at the balance sheet date.

28. Commitments under operating leases

At 31 March 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | 2023 £ | 2022 £ |
|--|----------------|----------------|
| Not later than 1 year | 74,336 | 71,013 |
| Later than 1 year and not later than 5 years | 94,283 | 159,590 |
| | <u>168,619</u> | <u>230,603</u> |

MILSOM HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

29. Related party transactions

At the year end, the Company was due an amount of £753,541 (2022 - £754,361) from its joint venture. The loan element of the balance attracts interest at a rate of 5% per annum. During the year, the Company received interest on the loan of £37,500 (2022 - £37,500).

At the year end, the Company was due an amount of £46,318 (2022 - £47,003) from its joint venture Company in respect of a trade debtor balance. During the year the Company made sales to its joint venture company of £121,114 (2022 - £115,972).

At the year end, the Company owed amounts totalling £NIL to the directors (2022 - £255,023). The loans attract interest at 4% per annum and are repayable on demand. During the year, the Company paid interest on the loans of £9,148 (2022 - £12,526).

During the year, dividends were payable on ordinary shares to the directors of £126,552 (2022 - £84,348).

During the year, dividends were payable on ordinary shares to close family members of the directors of £30,000 (2022 - £30,000).

During the year, salaries of £16,095 (2022 - £24,865) were paid to close family members of the directors.

At the year end, the Company owed an amount of £4,934 (2022 - £43,008) to one of the directors. No interest is payable on the director's loan account. The maximum overdrawn loan account balance during the year was £30,383 (2022 - £7,182).

At the year end, the Company owed an amount of £85,787 (2022 - £74,747) to close family members of the directors. The amount attracts interest at 4% per annum. During the year, the Company paid interest on the amount of £2,889 (2022 - £2,322).

During the year, the Company made purchases totalling £825,994 from a company under common control. At the year end, the Company owed an amount of £40,387.

30. Controlling party

P Milsom is considered to be the ultimate controlling party by virtue of his majority ownership of voting rights.

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