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**CAVE HOTELS UK LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**

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**CAVE HOTELS UK LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	David Johnathan Callister James Nettlam Tory
<b>Company secretary</b>	Mrs Jill Perkins
<b>Registered number</b>	03163780
<b>Registered office</b>	The Estate Office Etchinghill Golf Etchinghill Folkestone Kent CT18 8FA
<b>Independent auditors</b>	Pure Audit Limited Chartered Certified Accountants 76 Canterbury Innovation Centre Canterbury Kent CT2 7FG
<b>Bankers</b>	Natwest Bank Plc Europa House 49 Sandgate Road Folkestone Kent CT20 1RU

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**CAVE HOTELS UK LIMITED**

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## CAVE HOTELS UK LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

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#### Introduction

The directors present their strategic report and the financial statements for the year ended 31 March 2020.

#### Business review

The company completed the building of an hotel alongside the golf course and clubhouse and launched the new business in July. The directors were pleased with the growth in reservations and room occupancy rates and the hotel's reputation and reviews were very favourable.

The company's golf and hospitality business continued to thrive, and the addition of the hotel and a new restaurant provided more facilities for weddings and other events.

Towards the end of the trading year, the arrival of Covid-19 meant that the business was closed in line with government guidelines, incurring unforeseen costs and interrupting the growth of the new ventures.

#### Principal risks and uncertainties

The arrival of Covid-19 in the UK has hampered the growth of the new ventures as well as impacting the current business model. The golf side of the business was able to open up in May 2021 and was overwhelmed with tee-time bookings. This is expected to continue as golf returns on 29th March 2021.

Even though there is currently a roadmap out of lockdown and back to normality in the UK, this is not guaranteed and the Company faces the risks and uncertainties of the hotel and restaurant being closed for a longer period of time than originally anticipated. This would again, incur unforeseen costs and interrupt the growth of the new venture.

#### Financial key performance indicators

EBITDA:

EBITDA for the year was (£729,556) which is a decrease of 99% on the previous year (£365,917).

Investing in staff:

The total number of employees increased in the year by 65% from 48 to 79. This was in response to the hotel construction being completed and opening for business along with the Firepit Bar and Restaurant..

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

**David Johnathan Callister**

Director

Date: 29 March 2021

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2020**

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The directors present their report and the financial statements for the year ended 31 March 2020.

**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.

**Results and dividends**

The loss for the year, after taxation, amounted to £1,075,691 (2019 - loss £315,695).

The directors do not recommend a dividend.

**Directors**

The directors who served during the year were:

David Johnathan Callister

James Nettlam Tory

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## CAVE HOTELS UK LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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#### Future developments

Relaxation of Covid-19 prevention restrictions in mid-2020 allowed golf and hotel operations to restart, as well as the restaurant, bar and events in a more limited way. Demand for tee-times on the golf course was overwhelming and the business achieved a higher turnover than before the closure.

Hotel booking also resumed successfully, with high room occupancy and added-value income.

A resumption of government restrictions in December, however, closed the business again but at the time of this report there are plans to reopen each operation as guidance allows. The experience of the resumption in business in 2020 indicates that income from each part of the business will quickly reach the previous levels, and that the 2021/22 trading year will be profitable.

The company benefitted from government assistance in the form of Job Retention Scheme payments and CBIL loan support.

#### Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

#### Post balance sheet events

Hotel and golf remained closed from late March 2020 due to COVID-19 restrictions and lockdown. See further detail in future development section above.

#### Auditors

The auditors, Pure Audit Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

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David Johnathan Callister  
Director

Date: 29 March 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAVE HOTELS UK LIMITED

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**Opinion**

We have audited the financial statements of Cave Hotels UK Limited (the 'Company') for the year ended 31 March 2020, which comprise the Statement of comprehensive income, the Statement of financial position, 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).

Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, in our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its loss 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 qualified opinion**

We were unable to obtain sufficient appropriate audit evidence on completeness and validity of income as the evidence available to us was limited.

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 Auditors' 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.

**Material uncertainty related to going concern**

We draw attention to note 2.2 in the financial statements, which indicates that material uncertainties exist as a consequence of COVID-19 pandemic. The hotel and restaurants remained closed for several months during the year ending 31 March 2021 due to COVID-19 restrictions and lockdowns. The restrictions and lockdowns have had a significant impact on the ability of the company to continue as a going concern. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAVE HOTELS UK LIMITED (CONTINUED)

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**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. 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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 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.

In respect solely of the limitation on our work relating to income, described above:

- we have not received all the information and explanations that we considered necessary for the purpose of our audit.

**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement set out on page 2, 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.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAVE HOTELS UK LIMITED (CONTINUED)

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**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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

**Other matters**

The comparative financial statements are unaudited.

**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 Auditors' 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.

Alan Davidson (Senior statutory auditor)

for and on behalf of

**Pure Audit Limited**

Chartered Certified Accountants

76 Canterbury Innovation Centre

Canterbury

Kent

CT2 7FG

29 March 2021

CAVE HOTELS UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £	2019 £
Turnover	4	2,385,544	1,543,929
Cost of sales		(1,808,412)	(976,779)
<b>Gross profit</b>		<b>577,132</b>	<b>567,150</b>
Administrative expenses		(1,484,026)	(770,307)
Fair value movements		(22,736)	(218,442)
Other operating charges		(6,924)	(30,954)
<b>Operating loss</b>	5	<b>(936,554)</b>	<b>(452,553)</b>
Amounts written off investments		-	218,443
Interest payable and expenses	8	(139,137)	(81,585)
<b>Loss before tax</b>		<b>(1,075,691)</b>	<b>(315,695)</b>
<b>Loss for the financial year</b>		<b>(1,075,691)</b>	<b>(315,695)</b>
<b>Other comprehensive income for the year</b>			
<b>Total comprehensive income for the year</b>		<b>(1,075,691)</b>	<b>(315,695)</b>

The notes on pages 13 to 30 form part of these financial statements.

**CAVE HOTELS UK LIMITED**  
**REGISTERED NUMBER: 03163780**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	9	5,042	-
Tangible assets	10	8,660,768	6,427,878
Investments		-	1
		<u>8,665,810</u>	<u>6,427,879</u>
<b>Current assets</b>			
Stocks	11	64,779	51,251
Debtors: amounts falling due within one year	12	98,168	325,113
Cash at bank and in hand	13	1,567	308,166
		<u>164,514</u>	<u>684,530</u>
Creditors: amounts falling due within one year	14	(3,755,317)	(1,536,379)
<b>Net current liabilities</b>		<u>(3,590,803)</u>	<u>(851,849)</u>
<b>Total assets less current liabilities</b>		<u>5,075,007</u>	<u>5,576,030</u>
Creditors: amounts falling due after more than one year	15	(8,072,598)	(7,497,930)
<b>Provisions for liabilities</b>			
Deferred tax	19	(3,769)	(3,769)
		<u>(3,769)</u>	<u>(3,769)</u>
<b>Net liabilities</b>		<u><u>(3,001,360)</u></u>	<u><u>(1,925,669)</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	100	100
Profit and loss account	21	(3,001,460)	(1,925,769)
		<u><u>(3,001,360)</u></u>	<u><u>(1,925,669)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

**David Johnathan Callister**

Director

Date: 29 March 2021

The notes on pages 13 to 30 form part of these financial statements.

CAVE HOTELS UK LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2019	100	(1,925,769)	(1,925,669)
<b>Comprehensive income for the year</b>			
Loss for the year	-	(1,075,691)	(1,075,691)
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income for the year</b>	-	(1,075,691)	(1,075,691)
<b>Total transactions with owners</b>	-	-	-
<b>At 31 March 2020</b>	<b>100</b>	<b>(3,001,460)</b>	<b>(3,001,360)</b>

The notes on pages 13 to 30 form part of these financial statements.

CAVE HOTELS UK LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2019

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2018	100	(1,610,074)	(1,609,974)
<b>Comprehensive income for the year</b>			
Loss for the year	-	(315,695)	(315,695)
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income for the year</b>	-	(315,695)	(315,695)
<b>Total transactions with owners</b>	-	-	-
<b>At 31 March 2019</b>	<b>100</b>	<b>(1,925,769)</b>	<b>(1,925,669)</b>

The notes on pages 13 to 30 form part of these financial statements.

CAVE HOTELS UK LIMITED

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2020

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(1,075,691)	(315,695)
<b>Adjustments for:</b>		
Amortisation of intangible assets	1,681	-
Depreciation of tangible assets	205,319	35,141
Interest paid	139,137	81,585
(Increase)/decrease in stocks	(13,528)	18,170
Decrease in debtors	226,945	227,092
(Decrease) in creditors	(97,338)	(511,675)
<b>Net cash generated from operating activities</b>	<b>(613,475)</b>	<b>(465,382)</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(6,724)	-
Purchase of tangible fixed assets	(2,438,207)	(3,090,881)
<b>Net cash from investing activities</b>	<b>(2,444,931)</b>	<b>(3,090,881)</b>
<b>Cash flows from financing activities</b>		
New secured loans	614,405	1,731,407
Other new loans	26,982	820,781
Repayment of other loans	(62,697)	-
New loans from associates	2,256,052	-
Interest paid	(139,137)	(81,585)
<b>Net cash used in financing activities</b>	<b>2,695,605</b>	<b>2,470,603</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(362,801)</b>	<b>(1,085,660)</b>
Cash and cash equivalents at beginning of year	(495,238)	590,422
<b>Cash and cash equivalents at the end of year</b>	<b>(858,039)</b>	<b>(495,238)</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,567	308,166
Bank overdrafts	(859,606)	(803,404)
	<b>(858,039)</b>	<b>(495,238)</b>

The notes on pages 13 to 30 form part of these financial statements.

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**CAVE HOTELS UK LIMITED**

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**ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 MARCH 2020**

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	At 1 April 2019	Cash flows	At 31 March 2020
	£	£	£
Cash at bank and in hand	308,166	(306,599)	1,567
Bank overdrafts	(803,404)	(56,202)	(859,606)
Debt due after 1 year	(2,441,280)	(614,405)	(3,055,685)
Debt due within 1 year	(43,689)	43,689	-
Finance leases	-	(26,982)	(26,982)
	<u>(2,980,207)</u>	<u>(960,499)</u>	<u>(3,940,706)</u>

The notes on pages 13 to 30 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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**1. General information**

Cave Hotels UK Ltd is a private company, limited by shares, incorporated in England & Wales, registered number 03163780. The Company's registered office is:

The Estate Office, Etchinghill Golf, Etchinghill, Folkestone, Kent, CT18 8FA.

The Company's principal place of business is:

Brickfield Lane, Boughton, Boughton-under-Blean, Kent, ME13 9AJ.

**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 and the Companies Act 2006.

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 restrictions on operations of the Covid-19 precautions in 2020 and early 2021 have reduced the company's ability to gain a return on the capital invested in the business. Due to the restrictions imposed by the UK Government, the hotel and restaurant have remained closed for much of 2020 and 2021 but as there is considerable headroom with the bank's facilities the directors believe that the company is a viable going concern.

The loans provided by the major shareholder and by an associated company are repayable at the borrowing company's request and it is not expected that this will occur until the company has traded profitably for some years.

As a consequence, the company has financial resources and access to further funding, and the directors consider that the company is in a strong position to manage its business risks and to take advantage of the market conditions as the sector recovers after Covid-19. Consequently they continue to adopt the going concern basis in preparing the annual report and accounts.

The directors have reviewed the company's business and consider that there are no liabilities that have not been shown in the balance sheet.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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**2. Accounting policies (continued)**

**2.3 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**2.4 Operating leases: the Company as lessee**

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**2.5 Leased assets: the Company as lessee**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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**2. Accounting policies (continued)**

**2.6 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.7 Borrowing costs**

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

**2.8 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.

**2.9 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 reporting 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 Statement of financial position 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 reporting date.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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2. Accounting policies (continued)

2.10 Intangible assets

**Goodwill**

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 to the Statement of comprehensive income over its useful economic life.

**Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Other intangible fixed assets	-	25 %	Straight line
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2.11 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, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	-	2%
Plant and machinery	-	25%
Motor vehicles	-	25%
Fixtures and fittings	-	25%
Office equipment	-	25%

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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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**2. Accounting policies (continued)**

**2.12 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

**2.13 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of financial position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

**2.14 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. Work in progress and finished goods include labour and attributable overheads.

At each reporting 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.

**2.15 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.

**2.16 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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**2. Accounting policies (continued)**

**2.17 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.

**2.18 Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of financial position date.

**2.19 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 Statement of financial position 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 Statement of financial position.

**2.20 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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**2. Accounting policies (continued)**

**2.20 Financial instruments (continued)**

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

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 income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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**2. Accounting policies (continued)**

**2.21 Financial liabilities**

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Financial liabilities within the scope of IAS 39 are initially classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequently, the measurement of financial liabilities depends on their classification as follows:

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. Derivatives, including separately embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

**Interest bearing loans and borrowings**

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

**Derecognition of financial liabilities**

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification, this is treated as a derecognition of the original liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

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CAVE HOTELS UK LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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

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

Key sources of estimation uncertainty

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 outlined below:

Useful economic lives of tangible fixed 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 reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and physical condition of the assets.

4. Turnover

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

	2020 £	2019 £
Hotel	321,930	-
Golf	786,965	1,543,929
Food & beverage	1,272,978	-
Miscellaneous	3,671	-
	<u>2,385,544</u>	<u>1,543,929</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	2,385,544	1,543,929
	<u>2,385,544</u>	<u>1,543,929</u>

All turnover arose within the United Kingdom.



**CAVE HOTELS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

**5. Operating loss**

The operating loss is stated after charging:

	2020 £	2019 £
Other operating lease rentals	<u>52,604</u>	<u>44,772</u>

**6. Auditors' remuneration**

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>8,000</u>	<u>-</u>

**7. Employees**

Staff costs were as follows:

	2020 £	2019 £
Wages and salaries	<u>1,459,876</u>	<u>763,576</u>
	<u>1,459,876</u>	<u>763,576</u>

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

	2020 No.	2019 No.
Administration and Management	<u>79</u>	<u>48</u>

**8. Interest payable and similar expenses**

	2020 £	2019 £
Bank interest payable	139,137	16,749
Other loan interest payable	-	64,836
	<u>139,137</u>	<u>81,585</u>

CAVE HOTELS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

9. Intangible assets

	Computer software £
<b>Cost</b>	
At 1 April 2019	56,195
Additions	6,724
Disposals	(56,195)
At 31 March 2020	6,724
<b>Amortisation</b>	
At 1 April 2019	56,195
Charge for the year on owned assets	1,681
On disposals	(56,195)
At 31 March 2020	1,681
<b>Net book value</b>	
At 31 March 2020	5,043
<b>At 31 March 2019</b>	-

10. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £
<b>Cost or valuation</b>					
At 1 April 2019 (as previously stated)	6,178,445	171,576	-	187,456	9,015
Prior Year Adjustment	-	15,188	-	-	-
At 1 April 2019 (as restated)	6,178,445	186,764	-	187,456	9,015
Additions	2,309,217	78,083	28,200	20,842	1,865
At 31 March 2020	8,487,662	264,847	28,200	208,298	10,880

CAVE HOTELS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

10. Tangible fixed assets (continued)

**Depreciation**

At 1 April 2019 (as previously stated)	2,436	37,237	-	10,016	2,242
Prior Year Adjustment	-	81,871	-	-	-
At 1 April 2019 (as restated)	2,436	119,108	-	10,016	2,242
Charge for the year on owned assets	77,260	66,212	7,050	52,075	2,720
At 31 March 2020	79,696	185,320	7,050	62,091	4,962

**Net book value**

At 31 March 2020	8,407,966	79,527	21,150	146,207	5,918
<b>At 31 March 2019 (as restated)</b>	<u>6,176,009</u>	<u>67,656</u>	<u>-</u>	<u>177,440</u>	<u>6,773</u>
				<b>Total</b>	<b>£</b>

**Cost or valuation**

At 1 April 2019 (as previously stated)	6,546,492
Prior Year Adjustment	15,188
At 1 April 2019 (as restated)	6,561,680
Additions	2,438,207
At 31 March 2020	8,999,887

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10. Tangible fixed assets (continued)

**Depreciation**

At 1 April 2019 (as previously stated)	51,931
Prior Year Adjustment	81,871
At 1 April 2019 (as restated)	133,802
Charge for the year on owned assets	205,317
At 31 March 2020	339,119

**Net book value**

At 31 March 2020	8,660,768
<i>At 31 March 2019 (as restated)</i>	<i>6,427,878</i>

The net book value of land and buildings may be further analysed as follows:

	2020 £	2019 £
Freehold	8,407,966	6,176,009
	<u>8,407,966</u>	<u>6,176,009</u>

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

	2020 £	2019 £
Motor vehicles	21,150	-
	<u>21,150</u>	<u>-</u>

**CAVE HOTELS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

**11. Stocks**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Raw materials and consumables	<b>8,509</b>	11,276
Finished goods and goods for resale	<b>56,270</b>	39,975
	<u><b>64,779</b></u>	<u>51,251</u>

**12. Debtors**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>37,400</b>	15,615
Other debtors	<b>17</b>	229,588
Prepayments and accrued income	<b>60,751</b>	79,910
	<u><b>98,168</b></u>	<u>325,113</u>

**13. Cash and cash equivalents**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	<b>1,567</b>	308,166
Less: bank overdrafts	<b>(859,606)</b>	(803,404)
	<u><b>(858,039)</b></u>	<u>(495,238)</u>

**CAVE HOTELS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

**14. Creditors: Amounts falling due within one year**

	2020 £	2019 £
Bank overdrafts	859,606	803,404
Trade creditors	251,531	477,885
Amounts owed to other participating interests	2,256,052	-
Other taxation and social security	130,503	25,210
Obligations under finance lease and hire purchase contracts	4,022	-
Other creditors	70,115	110,223
Accruals and deferred income	183,488	119,657
	<u>3,755,317</u>	<u>1,536,379</u>

**15. Creditors: Amounts falling due after more than one year**

	2020 £	2019 £
Bank loans	3,055,685	2,441,280
Net obligations under finance leases and hire purchase contracts	22,960	-
Other creditors	4,993,953	5,056,650
	<u>8,072,598</u>	<u>7,497,930</u>

The following liabilities were secured:

	2020 £	2019 £
<-- Enter description -->	3,915,291	3,244,684
	<u>3,915,291</u>	<u>3,244,684</u>

Details of security provided:

The long term loan is repayable in 60 monthly instalments from November 2019. Interest is charged at 2.07% above base rate. The Company's bank, Natwest Bank Plc, has secured loan by way of legal charges over the Company as listed below:

- i) A fixed and floating charge covering all property or undertaking of Cave Hotels UK Ltd dated 2 March 2017. The charge contains a negative pledge.
- ii) A fixed charge over the land at Boughton Golf Course, Brickfield Lane, Boughton Under Blean, Faversham registered under title numbers K683475, K714796 & K795340. The charge contains a negative pledge.

CAVE HOTELS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

16. Loans

Analysis of the maturity of loans is given below:

	2020 £	2019 £
<b>Amounts falling due 1-2 years</b>		
Bank loans	3,055,685	2,441,280
	<u>3,055,685</u>	<u>2,441,280</u>
	<u>3,055,685</u>	<u>2,441,280</u>

17. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2020 £	2019 £
Within one year	4,022	-
Between 1-5 years	22,960	-
	<u>26,982</u>	<u>-</u>

18. Financial instruments

	2020 £	2019 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	<u>1,567</u>	<u>89,724</u>

19. Deferred taxation

**CAVE HOTELS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

**19. Deferred taxation (continued)**

	2020 £	2019 £
At beginning of year	(3,769)	-
Charged to profit or loss	-	(3,769)
<b>At end of year</b>	<b>(3,769)</b>	<b>(3,769)</b>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(3,769)	(3,769)
	<b>(3,769)</b>	<b>(3,769)</b>

**20. Share capital**

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
100 (2019 - 100) Ordinary shares of £1.0 each	<b>100</b>	<b>100</b>

**21. Reserves**

**Profit and loss account**

The profit and loss account contains all current and prior retained profits and losses.

**22. Prior year adjustment**

Prior year adjustment – fixed asset:

Plant and machinery cost and accumulated depreciation was understated by £15,188 and £87,871 in previous year's financial statements. This has been adjusted by increasing plant and machinery cost and accumulated depreciation by £15,188 and £87,871 respectively. The above adjusted has increased net loss for previous year from £249,015 to £315,695. The loss carried forward as at 31 March 2019 has increased from £1,858,989 to £1,925,669.



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CAVE HOTELS UK LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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**23. 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 £27,121. Contributions totalling £7,419 (2019 - £2,872) were payable to the fund at the reporting date and are included in creditors.

**24. Commitments under operating leases**

At 31 March 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	53,316	44,772
Later than 1 year and not later than 5 years	95,069	130,585
	<u>148,385</u>	<u>175,357</u>

**25. Related party transactions**

Directors and key management personnel:

At the year end, the Company owed key personnel £4,749,422 (2019: £4,816,730). The loan is interest free and repayable on demand.

Pentland Properties Limited:

During the year, the company received financial support totalling £2,256,052 (2019: £Nil) from a related company, under common control, Pentland Properties Limited. The full amount of the loan was outstanding at the year end. The loan is repayable on demand and is interest free.

Mrs V Tory:

The company owed Mrs V Tory (Close family member of a director) £230,842 (2019: £252,043) at the year end. Interest is charged on the loan at 11% and the loan is repayable on demand.

**26. Post balance sheet events**

Impact of COVID-19 pandemic:

Post year end, the Company took out a Coronavirus Business Interruption Loan (CBIL) with NatWest.

**27. Controlling party**

J N Tory is the ultimate controlling party by virtue of his majority shareholding in the Company.



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