Registered number: 03163780

CAVE HOTELS UK LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

CAVE HOTELS UK LTD

COMPANY INFORMATION

Directors	David Johnathan Callister James Nettlam Tory
Company secretary	Mrs Jill Perkins (Resigned 13/10/2021)
Registered number	03163780
Registered office	The Estate Office Etchinghill Golf Etchinghill Folkestone Kent CT18 8FA
Independent auditors	Pure Audit Limited Chartered Certified Accountants 76 Canterbury Innovation Centre Canterbury Kent CT2 7FG
Bankers	Natwest Bank Plc Europa House 49 Sandgate Road Folkestone Kent CT20 1RU

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022

Introduction

The directors present their strategic report and the financial statements for the year ended 31 March 2022.

Business review

The directors are pleased to report a successful financial year for the Company. The Company successfully managed to increase profits, despite continued Covid uncertainty, producing an EBITDA of £2,154,969 and a profit after tax of £1,671,703 for the year.

The successful performance comes despite continued uncertainty and restrictions, or the threat of restrictions, impacting demand and also leading to increased costs throughout the financial year.

The company ensures that it complies fully with all Health and Safety, and other legislation and ensures procedures are updated accordingly.

Principal risks and uncertainties

The business has continued to operate successfully and benefit from its investment in the hotel infrastructure and new systems with hotel room bookings being particularly successful, post year end.

There are risks and uncertainties around the current economic climate and cost of living crisis in the UK and it is unclear how this will impact consumer spending behaviours and patterns.

Financial key performance indicators

EBITDA:

EBITDA for the year was £2,154,969 which is an increase of 498% on the previous year (£360,492).

Investing in staff:

The total number of employees increased in the year by 43% from 92 to 132. This was in response to the demand of hotel bookings and golf tee-time bookings when the company was able to reopen in between the national lockdowns.

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

David Johnathan Callister
Director

Date: 7 October 2022

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022

The directors present their report and the financial statements for the year ended 31 March 2022.

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 profit for the year, after taxation, amounted to £1,671,703 *(2021 - £20,585)*.

The directors do not recommend a dividend.

Directors

The directors who served during the year were:

David Johnathan Callister
James Nettlam Tory

Future developments

The Company continues to implement and utilise new internal systems and as a result is expecting high capacity utilisation of the business in the next 12 months.

The Company is looking to expand the Food and Beverage side of the business and is actively looking at future potential sites, both locally and further afield.

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

There were no post balance sheet events to report on.

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.

....
David Johnathan Callister
Director

Date: 7 October 2022

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

Opinion

We have audited the financial statements of Cave Hotels UK Ltd (the 'Company') for the year ended 31 March 2022, 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 2022 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 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.

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.

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

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.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Extent the audit was considered capable of detecting irregularities, including fraud:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

The nature of the industry and sector, control environment and business performance including the design of the Company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets; results of our enquiries of management about their own identification and assessment of the risks of irregularities and any matters we identified having reviewed the Company's policies and procedures; the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in relation to revenue recognition. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Company operates in and focused on those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies Act 2006 and local tax legislation.

Audit response to risks identified

As a result of performing the above, we identified revenue recognition as key audit matter related to the potential risk of fraud. Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

- enquiring of management, concerning actual and potential litigation and claims;

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

- obtaining an understanding of provisions and discussing with management to understand the basis of recognition or non-recognition of tax provisions; and in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or noncompliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 Auditors' report.

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

7 October 2022

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £	2021 £
Turnover	4	**8,950,507**	*2,596,663*
Cost of sales		**(4,523,326)**	*(1,680,743)*
Gross profit		**4,427,181**	*915,920*
Administrative expenses		**(2,795,512)**	*(1,580,992)*
Other operating income		**155,328**	*775,781*
Other operating charges		**(39,260)**	*(7,142)*
Operating profit	6	**1,747,737**	*103,567*
Interest payable and similar expenses	10	**(76,034)**	*(86,751)*
Profit before tax		**1,671,703**	*16,816*
Tax on profit		**-**	*3,769*
Profit for the financial year		**1,671,703**	*20,585*

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 15 to 33 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Note		2022 £		2021 £
Fixed assets					
Intangible assets	12		**36,421**		*38,637*
Tangible assets	13		**9,139,263**		*8,783,969*
			9,175,684		*8,822,606*
Current assets					
Stocks	14	**90,118**		*42,657*	
Debtors: amounts falling due within one year	15	**478,938**		*303,989*	
Cash at bank and in hand	16	**1,074,607**		*4,049*	
		1,643,663		*350,695*	
Creditors: amounts falling due within one year	17	**(3,974,409)**		*(3,668,759)*	
Net current liabilities			**(2,330,746)**		*(3,318,064)*
Total assets less current liabilities			**6,844,938**		*5,504,542*
Creditors: amounts falling due after more than one year	18		**(8,154,010)**		*(8,485,317)*
Net liabilities			**(1,309,072)**		*(2,980,775)*
Capital and reserves					
Called up share capital	22		**100**		*100*
Profit and loss account	23		**(1,309,172)**		*(2,980,875)*
			(1,309,072)		*(2,980,775)*

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

David Johnathan Callister
Director
Date: 7 October 2022

The notes on pages 15 to 33 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2021	100	(2,980,875)	(2,980,775)
Comprehensive income for the year			
Profit for the year	-	1,671,703	1,671,703
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	1,671,703	1,671,703
Total transactions with owners	-	-	-
At 31 March 2022	100	(1,309,172)	(1,309,072)

The notes on pages 15 to 33 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2020	100	(3,001,460)	(3,001,360)
Comprehensive income for the year			
Profit for the year	-	20,585	20,585
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	20,585	20,585
Total transactions with owners	-	-	-
At 31 March 2021	100	(2,980,875)	(2,980,775)

The notes on pages 15 to 33 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	£	£
Cash flows from operating activities		
Profit for the financial year	**1,671,703**	*20,585*
Adjustments for:		
Amortisation of intangible assets	**7,716**	*3,055*
Depreciation of tangible assets	**399,516**	*253,869*
Government grants	**(90,688)**	*(772,781)*
Interest paid	**76,034**	*86,751*
Taxation charge	**-**	*(3,769)*
(Increase)/decrease in stocks	**(47,462)**	*22,123*
(Increase) in debtors	**(174,949)**	*(205,821)*
Increase in creditors	**905,091**	*16,865*
Net cash generated from operating activities	**2,746,961**	*(579,123)*
Cash flows from investing activities		
Purchase of intangible fixed assets	**(5,500)**	*(36,649)*
Purchase of tangible fixed assets	**(754,810)**	*(377,070)*
Government grants received	**90,688**	*772,781*
HP interest paid	**(1,129)**	*-*
Net cash from investing activities	**(670,751)**	*359,062*
Cash flows from financing activities		
New secured loans	**-**	*444,315*
Repayment of loans	**(197,898)**	*-*
Repayment of/new finance leases	**(4,243)**	*(4,022)*
Interest paid	**(74,905)**	*(86,751)*
Net cash used in financing activities	**(277,046)**	*353,542*
Net increase in cash and cash equivalents	**1,799,164**	*133,481*
Cash and cash equivalents at beginning of year	**(724,557)**	*(858,039)*
Cash and cash equivalents at the end of year	**1,074,607**	*(724,558)*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**1,074,607**	*4,049*
Bank overdrafts	**-**	*(728,607)*
	1,074,607	*(724,558)*

The notes on pages 15 to 33 form part of these financial statements.

ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2022

	At 1 April 2021	Cash flows	At 31 March 2022
	£	£	£
Cash at bank and in hand	4,049	1,070,558	1,074,607
Bank overdrafts	(728,607)	728,607	-
Debt due after 1 year	(3,500,000)	297,897	(3,202,103)
Debt due within 1 year	-	(100,000)	(100,000)
Finance leases	(22,960)	4,243	(18,717)
	(4,247,518)	2,001,305	(2,246,213)

The notes on pages 15 to 33 form part of these financial statements.

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 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 continued to trade profitably for some years.

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 continues to recover 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.

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.

2. Accounting policies (continued)

2.6 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 Statement of comprehensive income in the same period as the related expenditure.

2.7 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.

2.8 Borrowing costs

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

2.9 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 Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

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. Accounting policies (continued)

2.10 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 reporting 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.

2.11 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

2. Accounting policies (continued)

2.12 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.

2.13 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.

2.14 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.

2.15 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. Accounting policies (continued)

2.16 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.

2.17 Holiday pay accrual

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

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 reporting 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. Accounting policies (continued)

2.19 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.

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.

2. Accounting policies (continued)

2.20 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.

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:

	2022	*2021*
	£	*£*
Hotel	**2,333,108**	*618,918*
Golf	**1,354,199**	*828,436*
Food & beverage	**5,214,426**	*1,149,309*
Miscellaneous	**48,774**	*-*
	8,950,507	*2,596,663*

Analysis of turnover by country of destination:

	2022	*2021*
	£	*£*
United Kingdom	**8,950,507**	*2,596,663*
	8,950,507	*2,596,663*

All turnover arose within the United Kingdom.

5. Other operating income

	2022	*2021*
	£	*£*
Other operating income	**64,640**	*3,000*
Government grants receivable	**90,688**	*772,781*
	155,328	*775,781*

6. Operating profit

The operating profit is stated after charging:

	2022	*2021*
	£	*£*
Other operating lease rentals	**38,263**	*33,695*

7. Auditors' remuneration

	2022	*2021*
	£	*£*
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**12,000**	*8,000*

8. Employees

Staff costs were as follows:

	2022 £	2021 £
Wages and salaries	2,485,481	1,556,173
Social security costs	214,919	-
Cost of defined contribution scheme	44,744	-
	2,745,144	1,556,173

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

	2022 No.	2021 No.
Administration and Management	132	92

9. Directors' remuneration

During the year, Directors' received remuneration totalling £Nil (2021: £Nil).

10. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	57,727	88,682
Other loan interest payable	17,178	(1,931)
Finance leases and hire purchase contracts	1,129	-
	76,034	86,751

11. Taxation

	2022	*2021*
	£	*£*
Total current tax	-	*-*
Deferred tax		
Origination and reversal of timing differences	-	*(3,769)*
Total deferred tax	-	*(3,769)*
Taxation on profit/(loss) on ordinary activities	-	*(3,769)*

Factors affecting tax charge for the year

The tax assessed for the year is the same as *(2021 - the same as)* the standard rate of corporation tax in the UK of 19% *(2021 - 19%)* as set out below:

	2022	*2021*
	£	*£*
Profit on ordinary activities before tax	1,671,703	*16,816*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	317,624	*3,194*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	91,606	*48,314*
Capital allowances for year in excess of depreciation	(164,971)	*(83,916)*
Utilisation of tax losses	(244,259)	*-*
Short term timing difference leading to an increase (decrease) in taxation	-	*(3,769)*
Unrelieved tax losses carried forward	-	*15,925*
Other differences leading to an increase (decrease) in the tax charge	-	*16,483*
Total tax charge for the year	-	*(3,769)*

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Intangible assets

	Computer software £
Cost	
At 1 April 2021	**43,373**
Additions	**5,500**
At 31 March 2022	**48,873**
Amortisation	
At 1 April 2021	**4,736**
Charge for the year on owned assets	**7,716**
At 31 March 2022	**12,452**
Net book value	
At 31 March 2022	**36,421**
At 31 March 2021	*38,637*

13. Tangible fixed assets

	Freehold property	Plant and machinery	Motor vehicles	Fixtures and fittings	Office equipment	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 April 2021	**8,716,020**	**268,192**	**45,530**	**320,734**	**26,482**	**9,376,958**
Additions	**187,191**	**39,267**	**147,096**	**339,956**	**41,300**	**754,810**
At 31 March 2022	**8,903,211**	**307,459**	**192,626**	**660,690**	**67,782**	**10,131,768**
Depreciation						
At 1 April 2021	**241,966**	**225,080**	**18,433**	**100,251**	**7,259**	**592,989**
Charge for the year on owned assets	**166,014**	**49,576**	**48,156**	**123,149**	**12,621**	**399,516**
At 31 March 2022	**407,980**	**274,656**	**66,589**	**223,400**	**19,880**	**992,505**
Net book value						
At 31 March 2022	**8,495,231**	**32,803**	**126,037**	**437,290**	**47,902**	**9,139,263**
At 31 March 2021	*8,474,054*	*43,112*	*27,097*	*220,483*	*19,223*	*8,783,969*

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

	2022	2021
	£	£
Freehold	**8,495,231**	*8,474,053*
	8,495,231	*8,474,053*

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

	2022	2021
	£	£
Motor vehicles	-	*14,100*
	-	*14,100*

14. Stocks

	2022	2021
	£	£
Raw materials and consumables	30,523	10,466
Finished goods and goods for resale	59,595	32,191
	90,118	42,657

15. Debtors

	2022	2021
	£	£
Trade debtors	16,147	137,072
Other debtors	428,312	69,781
Prepayments and accrued income	34,479	97,136
	478,938	303,989

16. Cash and cash equivalents

	2022	2021
	£	£
Cash at bank and in hand	1,074,607	4,049
Less: bank overdrafts	-	(728,607)
	1,074,607	(724,558)

17. Creditors: Amounts falling due within one year

	2022 £	2021 £
Bank overdrafts	-	728,607
Bank loans	100,000	-
Trade creditors	549,513	285,761
Amounts owed to other participating interests	2,256,052	2,256,052
Other taxation and social security	363,275	20,798
Obligations under finance lease and hire purchase contracts	4,477	4,243
Other creditors	431,916	191,073
Accruals and deferred income	269,176	182,225
	3,974,409	3,668,759

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

	2022 £	2021 £
Bank loans	3,202,103	3,500,000
Net obligations under finance leases and hire purchase contracts	14,240	18,717
Other creditors	4,937,667	4,966,600
	8,154,010	8,485,317

19. Loans

Analysis of the maturity of loans is given below:

	2022 £	*2021 £*
Amounts falling due within one year		
Bank loans	**100,000**	*-*
	100,000	*-*
Amounts falling due 1-2 years		
Bank loans	**3,202,103**	*3,500,000*
	3,202,103	*3,500,000*
	3,302,103	*3,500,000*

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.

The CBILS loan is repayable in 60 monthly instalments from May 2022. Interest is charged at 3.96% above base rate.

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2022 £	*2021 £*
Within one year	**4,477**	*4,243*
Between 1-5 years	**14,240**	*18,717*
	18,717	*22,960*

21. Financial instruments

	2022	2021
	£	£
Financial assets		
Financial assets measured at fair value through profit or loss	**1,074,607**	*4,049*

22. Share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
100 *(2021 - 100)* Ordinary shares of £1.0 each	**100**	*100*

23. Reserves

Profit and loss account

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

24. 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 £44,744. Contributions totalling £31,897 (2021 - £16,043) were payable to the fund at the reporting date and are included in creditors.

25. Commitments under operating leases

At 31 March 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022	2021
	£	£
Not later than 1 year	**41,753**	*53,316*
Later than 1 year and not later than 5 years	**-**	*41,753*
	41,753	*95,069*

26. Related party transactions

Directors and key management personnel:

At the year end, the Company owed key personnel £4,755,198 (2021: £4,758,898). The loan is interest

free and repayable on demand.

Pentland Properties Limited:

During the year, the company received financial support totalling £Nil (2021: £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) £182,469 (2021: £207,709) at the year end. Interest is charged on the loan at 11% and the loan is repayable on demand.

27. Controlling party

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