

Company Registration No. 03210984 (England and Wales)

MANOR OF GROVES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020

LB GROUP
Number One
Vicarage Lane
Stratford
London
England
E15 4HF

MANOR OF GROVES LIMITED

COMPANY INFORMATION

Directors	Mrs M E Hung Mr S B S Hung
Secretary	Mrs M Hung
Company number	03210984
Registered office	High Wych, Sawbridgeworth Hertfordshire CM21 0JU
Auditor	LB Group (Stratford) Number One Vicarage Lane Stratford London E15 4HF

MANOR OF GROVES LIMITED

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MANOR OF GROVES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2020

The directors present the strategic report for the year ended 31 January 2020.

Fair review of the business

The hotel industry is facing an uncertain future. Uncertainty, due to Brexit and Covid-19, as well as an economic slowdown, may impact corporate budgets and travel, a vital segment for hotels.

Turnover for the group rose by £6,471,599 for the year ended 31 January 2020 and gross margins have improved. However, rises in administrative costs (including rent) led to the group making a net loss of £749,875 for the year, compared to a net profit of £392,196 for the previous year.

At the time of signing the financial statements the company is assessing and planning for the impact of the Covid-19 pandemic. Due to the sector that the company is in they are expecting an increased disruption to their trade during this period. The company is therefore expecting an impact on cash flows. To this extent they have taken into account the government support on salaries and consolidating existing cashflow during this period. The directors are confident that whilst the impact of Covid-19 on the UK economy will not be known for some time the resources of the company and its directors including tangible assets held within the group of companies, alongside Government and bank support offered will enable the company to continue as a going concern for the foreseeable future.

On behalf of the board

Mr S B S Hung
Director
10 December 2020

MANOR OF GROVES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2020

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

Principal activities

The principal activity of the company and group continued to be that of the operation of a hotel, including conference and banqueting facilities and golf course.

Directors

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

Mrs M E Hung
Mr S B S Hung

Results and dividends

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

Ordinary dividends were paid amounting to £72,590. The directors do not recommend payment of a further dividend.

Disabled persons

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

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Auditor

The auditor, LB Group (Stratford), is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

MANOR OF GROVES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

On behalf of the board

Mr S B S Hung
Director

10 December 2020

MANOR OF GROVES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2020

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MANOR OF GROVES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MANOR OF GROVES LIMITED

Opinion

We have audited the financial statements of Manor of Groves Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 January 2020 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 January 2020 and of the group's 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 opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 auditor's 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.

MANOR OF GROVES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MANOR OF GROVES LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

MANOR OF GROVES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MANOR OF GROVES LIMITED

Use of our report

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

Richard Lane (Senior Statutory Auditor)
for and on behalf of LB Group (Stratford)

10 December 2020

Chartered Accountants
Statutory Auditor

Number One
Vicarage Lane
Stratford
London
England
E15 4HF

MANOR OF GROVES LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JANUARY 2020

	Notes	2020 £	2019 £
Turnover	3	18,415,512	11,943,913
Cost of sales		(10,588,605)	(7,401,862)
Gross profit		<u>7,826,907</u>	<u>4,542,051</u>
Administrative expenses		(9,569,365)	(5,715,858)
Other operating income		<u>1,000,000</u>	<u>1,564,309</u>
Operating (loss)/profit	4	<u>(742,458)</u>	<u>390,502</u>
Interest receivable and similar income	7	2,568	1,694
Interest payable and similar expenses	8	<u>(9,985)</u>	<u>-</u>
(Loss)/profit before taxation		<u>(749,875)</u>	<u>392,196</u>
Tax on (loss)/profit		<u>(127,926)</u>	<u>(233,474)</u>
(Loss)/profit for the financial year		<u><u>(877,801)</u></u>	<u><u>158,722</u></u>

(Loss)/profit for the financial year is all attributable to the owners of the parent company.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

MANOR OF GROVES LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2020

	2020	2019
	£	£
(Loss)/profit for the year	(877,801)	158,722
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(877,801)</u>	<u>158,722</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

MANOR OF GROVES LIMITED

GROUP BALANCE SHEET

AS AT 31 JANUARY 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	10		2,098,032		1,171,102
Current assets					
Stocks	13	177,528		147,048	
Debtors	14	11,575,817		9,312,634	
Cash at bank and in hand		476,026		394,809	
		<u>12,229,371</u>		<u>9,854,491</u>	
Creditors: amounts falling due within one year	15	<u>(10,775,751)</u>		<u>(8,038,076)</u>	
Net current assets			<u>1,453,620</u>		<u>1,816,415</u>
Total assets less current liabilities			<u>3,551,652</u>		<u>2,987,517</u>
Creditors: amounts falling due after more than one year	16		(2,382,747)		(1,000,000)
Provisions for liabilities	18		<u>(304,060)</u>		<u>(172,281)</u>
Net assets			<u><u>864,845</u></u>		<u><u>1,815,236</u></u>
Capital and reserves					
Called up share capital	20		385,002		385,002
Profit and loss reserves			<u>479,843</u>		<u>1,430,234</u>
Total equity			<u><u>864,845</u></u>		<u><u>1,815,236</u></u>

The financial statements were approved by the board of directors and authorised for issue on 10 December 2020 and are signed on its behalf by:

Mr S B S Hung
Director

MANOR OF GROVES LIMITED

COMPANY BALANCE SHEET

AS AT 31 JANUARY 2020

		2020	2019
	Notes	£	£
Fixed assets			
Tangible assets	10	601,552	487,238
Investments	11	102	102
		<u>601,654</u>	<u>487,340</u>
Current assets			
Stocks	13	78,563	73,507
Debtors	14	6,787,196	6,965,305
Cash at bank and in hand		98,188	100,336
		<u>6,963,947</u>	<u>7,139,148</u>
Creditors: amounts falling due within one year	15	<u>(4,446,070)</u>	<u>(5,781,676)</u>
Net current assets		<u>2,517,877</u>	<u>1,357,472</u>
Total assets less current liabilities		<u>3,119,531</u>	<u>1,844,812</u>
Creditors: amounts falling due after more than one year	16	(2,105,333)	(1,000,000)
Provisions for liabilities	18	(97,351)	(74,263)
Net assets		<u><u>916,847</u></u>	<u><u>770,549</u></u>
Capital and reserves			
Called up share capital	20	385,002	385,002
Profit and loss reserves		531,845	385,547
Total equity		<u><u>916,847</u></u>	<u><u>770,549</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £218,888 (2019 - £170,270 profit).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 10 December 2020 and are signed on its behalf by:

Mr S B S Hung
Director

Company Registration No. 03210984

MANOR OF GROVES LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2020

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 February 2018		415,002	1,344,102	1,759,104
Year ended 31 January 2019:				
Profit and total comprehensive income for the year		-	158,722	158,722
Dividends	9	-	(72,590)	(72,590)
Redemption of shares	20	(30,000)	-	(30,000)
Balance at 31 January 2019		385,002	1,430,234	1,815,236
Year ended 31 January 2020:				
Loss and total comprehensive income for the year		-	(877,801)	(877,801)
Dividends	9	-	(72,590)	(72,590)
Balance at 31 January 2020		385,002	479,843	864,845

MANOR OF GROVES LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2020

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 February 2018		415,002	287,867	702,869
Year ended 31 January 2019:				
Profit and total comprehensive income for the year		-	170,270	170,270
Dividends	9	-	(72,590)	(72,590)
Redemption of shares	20	(30,000)	-	(30,000)
Balance at 31 January 2019		385,002	385,547	770,549
Year ended 31 January 2020:				
Profit and total comprehensive income for the year		-	218,888	218,888
Dividends	9	-	(72,590)	(72,590)
Balance at 31 January 2020		385,002	531,845	916,847

MANOR OF GROVES LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2020

		2020	2019
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	25	980,733	465,982
Interest paid		(9,985)	-
Income taxes (paid)/refunded		(57,418)	7,043
Net cash inflow from operating activities		913,330	473,025
Investing activities			
Purchase of tangible fixed assets		(1,360,522)	(471,074)
Proceeds on disposal of tangible fixed assets		2,880	4,349
Interest received		2,568	1,694
Net cash used in investing activities		(1,355,074)	(465,031)
Financing activities			
Redemption of shares		-	(30,000)
Payment of finance leases obligations		595,551	-
Dividends paid to equity shareholders		(72,590)	(72,590)
Net cash generated from/(used in) financing activities		522,961	(102,590)
Net increase/(decrease) in cash and cash equivalents		81,217	(94,596)
Cash and cash equivalents at beginning of year		394,809	489,405
Cash and cash equivalents at end of year		476,026	394,809

MANOR OF GROVES LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	26	197,255		283,145	
Interest paid		(3,800)		-	
Income taxes (paid)/refunded		(11,598)		7,043	
Net cash inflow from operating activities		181,857		290,188	
Investing activities					
Purchase of tangible fixed assets		(249,055)		(231,640)	
Proceeds on disposal of tangible fixed assets		2,880		4,349	
Interest received		1,566		931	
Net cash used in investing activities		(244,609)		(226,360)	
Financing activities					
Redemption of shares		-		(30,000)	
Payment of finance leases obligations		133,194		-	
Dividends paid to equity shareholders		(72,590)		(72,590)	
Net cash generated from/(used in) financing activities		60,604		(102,590)	
Net decrease in cash and cash equivalents		(2,148)		(38,762)	
Cash and cash equivalents at beginning of year		100,336		139,098	
Cash and cash equivalents at end of year		98,188		100,336	

MANOR OF GROVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies

Company information

Manor of Groves Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is High Wych, Sawbridgeworth, Hertfordshire, CM21 0JU.

The group consists of Manor of Groves Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The consolidated financial statements incorporate those of Manor of Groves Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 January 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.2 Going concern

The group made a loss of £877,801 for the year ended 31 January 2020 but the group has net assets of £864,845 as at 31 January 2020.

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption depends upon the continued financial support of the landlord and related entities. The financial statements do not include any adjustments that might result if financial support is not provided by these parties.

At the time of signing the financial statements the company is assessing and planning for the impact of the Covid-19 pandemic. Due to the sector that the company is in they are expecting an increased disruption to their trade during this period. The company is therefore expecting an impact on cash flows. To this extent they have taken into account the government support on salaries and consolidating existing cashflow during this period. The directors are confident that whilst the impact of Covid-19 on the UK economy will not be known for some time the resources of the company and its directors including tangible assets held within the group of companies, alongside Government and bank support offered will enable the company to continue as a going concern for the foreseeable future.

MANOR OF GROVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies

(Continued)

1.3 Turnover

Turnover represents amounts receivable in respect of the provision of hotel accommodation, conference facilities and meals and golf income during the year, excluding VAT. Income for accommodation is recognised on a daily basis of the customers use of the hotel. Income related to Conference Facilities is recognised on an invoice basis issued after the use of the facility. Food and Beverage income is recognised at the point of sales to the customer. Income related to golf sales is recognised on a daily basis of the customers use of the golf course.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	20% reducing balance
Fixtures, fittings & equipment	20% reducing balance
Computer equipment	33% reducing balance
Motor vehicles	20% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.5 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

1.6 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

MANOR OF GROVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies

(Continued)

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

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

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

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

MANOR OF GROVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies

(Continued)

Impairment of financial assets

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

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

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Other financial liabilities

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

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

MANOR OF GROVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.10 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.11 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

MANOR OF GROVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies

(Continued)

1.14 Retirement benefits

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

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2020	2019
	£	£
Turnover analysed by class of business		
Hotel operations	18,415,512	11,943,913
	<u> </u>	<u> </u>
	2020	2019
	£	£
Other significant revenue		
Interest income	2,568	1,694
Management charges	1,000,000	1,564,309
	<u> </u>	<u> </u>
	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	18,415,512	11,943,913
	<u> </u>	<u> </u>

MANOR OF GROVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

4 Operating (loss)/profit

	2020 £	2019 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	360,346	285,768
Depreciation of tangible fixed assets held under finance leases	70,366	-
Profit on disposal of tangible fixed assets	-	(1,420)
Operating lease charges	3,100,000	3,100,000
	<u>3,530,712</u>	<u>3,384,348</u>

5 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	6,075	5,225
Audit of the financial statements of the company's subsidiaries	15,450	10,475
	<u>21,525</u>	<u>15,700</u>

6 Employees

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

Number of administrative staff

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Administrative and direct hotel staff	391	326	164	146

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	6,395,176	4,243,791	1,957,142	1,740,150
Social security costs	389,876	268,151	138,133	111,389
Pension costs	67,282	33,126	26,968	14,157
	<u>6,852,334</u>	<u>4,545,068</u>	<u>2,122,243</u>	<u>1,865,696</u>

MANOR OF GROVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

7 Interest receivable and similar income

	2020	2019
	£	£
Interest income		
Interest on bank deposits	2,568	1,694
	<u>2,568</u>	<u>1,694</u>

8 Interest payable and similar expenses

	2020	2019
	£	£
Other finance costs:		
Interest on finance leases and hire purchase contracts	9,985	-
	<u>9,985</u>	<u>-</u>

9 Dividends

	2020	2019
	£	£
Final paid	72,590	72,590
	<u>72,590</u>	<u>72,590</u>

10 Tangible fixed assets

Group	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 February 2019	4,450,966	463,290	504,568	20,415	5,439,239
Additions	947,619	27,095	385,808	-	1,360,522
Disposals	(2,880)	-	-	-	(2,880)
At 31 January 2020	<u>5,395,705</u>	<u>490,385</u>	<u>890,376</u>	<u>20,415</u>	<u>6,796,881</u>
Depreciation and impairment					
At 1 February 2019	3,492,092	393,940	378,277	3,828	4,268,137
Depreciation charged in the year	293,136	26,556	106,873	4,147	430,712
At 31 January 2020	<u>3,785,228</u>	<u>420,496</u>	<u>485,150</u>	<u>7,975</u>	<u>4,698,849</u>
Carrying amount					
At 31 January 2020	<u>1,610,477</u>	<u>69,889</u>	<u>405,226</u>	<u>12,440</u>	<u>2,098,032</u>
At 31 January 2019	<u>958,874</u>	<u>69,350</u>	<u>126,291</u>	<u>16,587</u>	<u>1,171,102</u>

MANOR OF GROVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

10 Tangible fixed assets

(Continued)

Company	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 February 2019	2,486,383	433,640	216,380	20,415	3,156,818
Additions	73,135	27,095	148,825	-	249,055
Disposals	(2,880)	-	-	-	(2,880)
At 31 January 2020	2,556,638	460,735	365,205	20,415	3,402,993
Depreciation and impairment					
At 1 February 2019	2,086,853	368,617	210,282	3,828	2,669,580
Depreciation charged in the year	85,921	25,691	16,102	4,147	131,861
At 31 January 2020	2,172,774	394,308	226,384	7,975	2,801,441
Carrying amount					
At 31 January 2020	383,864	66,427	138,821	12,440	601,552
At 31 January 2019	399,530	65,023	6,098	16,587	487,238

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2020 £	2019 £	Company 2020 £	2019 £
Plant and machinery	499,345	-	-	-
Other assets	133,943	-	133,943	-
	633,288	-	133,943	-

11 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	12	-	-	102	102

MANOR OF GROVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

11 Fixed asset investments (Continued)

Movements in fixed asset investments Company	Shares in group undertakings
	£
Cost or valuation	
At 1 February 2019 and 31 January 2020	102
Carrying amount	
At 31 January 2020	102
At 31 January 2019	102

12 Subsidiaries

Details of the company's subsidiaries at 31 January 2020 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Atrium Hotel Limited	England and Wales	Ordinary	100.00
Regency Park Hotel Limited	England and Wales	Ordinary	100.00
Shendish Hotel Limited	England and Wales	Ordinary	100.00

13 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Hotel goods and consumables	177,528	147,048	78,563	73,507

14 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	215,851	170,261	21,148	58,597
Amounts owed by group undertakings	-	-	35,783	114,826
Other debtors	9,891,312	8,417,792	6,336,305	6,399,451
Prepayments and accrued income	1,468,654	724,581	393,960	392,431
	11,575,817	9,312,634	6,787,196	6,965,305

MANOR OF GROVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

15 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Obligations under finance leases	17	212,804	-	27,861	-
Trade creditors		981,954	509,192	310,182	239,139
Amounts owed to group undertakings		-	-	1,092,344	753,278
Corporation tax payable		-	61,271	-	14,249
Other taxation and social security		406,380	583,521	163,354	259,590
Other creditors		7,274,209	6,732,744	2,771,030	4,455,136
Accruals and deferred income		1,900,404	151,348	81,299	60,284
		<u>10,775,751</u>	<u>8,038,076</u>	<u>4,446,070</u>	<u>5,781,676</u>

16 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Obligations under finance leases	17	382,747	-	105,333	-
Other creditors		2,000,000	1,000,000	2,000,000	1,000,000
		<u>2,382,747</u>	<u>1,000,000</u>	<u>2,105,333</u>	<u>1,000,000</u>

17 Finance lease obligations

	Group 2020 £	2019 £	Company 2020 £	2019 £
Future minimum lease payments due under finance leases:				
Within one year	212,804	-	27,861	-
In two to five years	382,747	-	105,333	-
	<u>595,551</u>	<u>-</u>	<u>133,194</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

MANOR OF GROVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

18 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020 £	Liabilities 2019 £
Group		
Accelerated capital allowances	304,060	172,281
	<u> </u>	<u> </u>
	Liabilities 2020 £	Liabilities 2019 £
Company		
Accelerated capital allowances	97,351	74,263
	<u> </u>	<u> </u>
	Group 2020 £	Company 2020 £
Movements in the year:		
Liability at 1 February 2019	172,281	74,263
Charge to profit or loss	131,779	23,088
	<u> </u>	<u> </u>
Liability at 31 January 2020	304,060	97,351
	<u> </u>	<u> </u>

The deferred tax liability set out above is expected to reverse in the foreseeable future and relates to accelerated capital allowances that are expected to mature within the same period.

19 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	67,282	33,126
	<u> </u>	<u> </u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

20 Share capital

	Group and company 2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
2 Ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

MANOR OF GROVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

20 Share capital (Continued)

Preference share capital

Issued and fully paid

385,000 Preference shares of £1 each

385,000

385,000

Total equity share capital

385,002

385,002

21 Financial commitments, guarantees and contingent liabilities

There is a floating charge on all the assets of Manor of Groves Limited, Shendish Hotel Limited and Regency Park Hotel Limited by the Bangkok Bank Public Company Limited.

22 Operating lease commitments

Lessee

The operating leases represent leases of £7,600,000 (2019: £3,100,000) to third parties. The leases are negotiated over terms of over five years.

23 Financial commitments, guarantees and contingent liabilities

There is a floating charge on all the assets of the company by the Bangkok Bank Public Company Limited.

24 Related party transactions

The company was under the joint control of Mr S B S Hung and Mrs M E Hung throughout the current and previous year.

Mr S B S Hung has acted as guarantor of the property lease since 6 December 1996, in that he has indemnified the lessor against all losses as a result of any failure by Manor of Groves Limited to comply with the terms of the lease.

Mr S B S Hung is a director and shareholder of Regency Homes Limited, a company registered in England and Wales.

As at 31 January 2020, the group owed the sum of £6,715,719 (2019: £7,145,336) to Regency Homes Limited. £2,000,000 (2019: £1,000,000) is due in more than one year.

As at 31 January 2020, Mr S B S Hung was owed the sum of £450,888 (2019: £5,729) by the group. The loan is interest free and repayable on demand.

MANOR OF GROVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

25 Cash generated from group operations

	2020 £	2019 £
(Loss)/profit for the year after tax	(877,801)	158,722
Adjustments for:		
Taxation charged	127,926	233,474
Finance costs	9,985	-
Investment income	(2,568)	(1,694)
Gain on disposal of tangible fixed assets	-	(1,420)
Depreciation and impairment of tangible fixed assets	430,712	285,768
Movements in working capital:		
Increase in stocks	(30,480)	(4,586)
Increase in debtors	(2,263,183)	(3,763,627)
Increase in creditors	3,586,142	3,559,345
Cash generated from operations	980,733	465,982

26 Cash generated from operations - company

	2020 £	2019 £
Profit for the year after tax	218,888	170,270
Adjustments for:		
Taxation charged	20,437	88,434
Finance costs	3,800	-
Investment income	(1,566)	(931)
Gain on disposal of tangible fixed assets	-	(2,030)
Depreciation and impairment of tangible fixed assets	131,861	110,242
Movements in working capital:		
(Increase)/decrease in stocks	(5,056)	116
Decrease/(increase) in debtors	178,109	(3,233,363)
(Decrease)/increase in creditors	(349,218)	3,150,407
Cash generated from operations	197,255	283,145

MANOR OF GROVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

27 Analysis of changes in net funds/(debt) - group

	1 February 2019	Cash flows	31 January 2020
	£	£	£
Cash at bank and in hand	394,809	81,217	476,026
Obligations under finance leases	-	(595,551)	(595,551)
	<u>394,809</u>	<u>(514,334)</u>	<u>(119,525)</u>

28 Analysis of changes in net funds/(debt) - company

	1 February 2019	Cash flows	31 January 2020
	£	£	£
Cash at bank and in hand	100,336	(2,148)	98,188
Obligations under finance leases	-	(133,194)	(133,194)
	<u>100,336</u>	<u>(135,342)</u>	<u>(35,006)</u>

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