

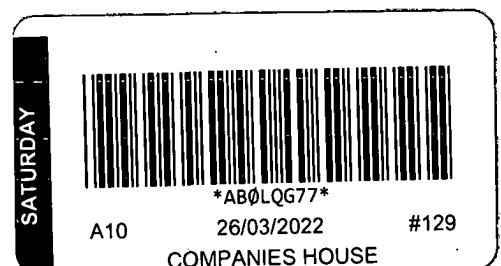
HEATHLAND HOTELS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

**INFORMATION FOR FILING WITH THE REGISTRAR
FOR THE YEAR ENDED 31 OCTOBER 2021**

GSM&Co

Griffin Stone Moscrop & Co
CHARTERED ACCOUNTANTS & REGISTERED AUDITORS



HEATHLAND HOTELS LIMITED

COMPANY INFORMATION

Directors	Mr R A Frenkel Mrs C F Acker Mrs J A Allcock
Registered number	03542942
Registered office	The Birch Hotel Lewes Road Haywards Heath West Sussex RH17 7SF
Independent auditors	Griffin Stone Moscrop & Co Chartered Accountants & Statutory Auditors 21-27 Lamb's Conduit Street London WC1N 3GS

HEATHLAND HOTELS LIMITED

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HEATHLAND HOTELS LIMITED
REGISTERED NUMBER:03542942

BALANCE SHEET
AS AT 31 OCTOBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	5	1,549,680	1,609,368
		<u>1,549,680</u>	<u>1,609,368</u>
Current assets			
Stocks	6	9,998	7,087
Debtors: amounts falling due within one year	7	46,686	52,532
Cash at bank and in hand		151,821	231,160
		<u>208,505</u>	<u>290,779</u>
Creditors: amounts falling due within one year	8	(182,311)	(155,685)
Net current assets		<u>26,194</u>	<u>135,094</u>
Total assets less current liabilities		<u>1,575,874</u>	<u>1,744,462</u>
Creditors: amounts falling due after more than one year	9	(258,333)	(486,000)
Provisions for liabilities			
Deferred tax	12	(20,955)	(14,666)
		<u>(20,955)</u>	<u>(14,666)</u>
Net assets		<u><u>1,296,586</u></u>	<u><u>1,243,796</u></u>
Capital and reserves			
Called up share capital	13	2,000,000	2,000,000
Share premium account		63,020	63,020
Profit and loss account		(766,434)	(819,224)
		<u>1,296,586</u>	<u>1,243,796</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

HEATHLAND HOTELS LIMITED
REGISTERED NUMBER:03542942

BALANCE SHEET (CONTINUED)
AS AT 31 OCTOBER 2021

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



.....
Mr R A Frenkel
Director

Date: 21 March 2022

The notes on pages 3 to 11 form part of these financial statements.

HEATHLAND HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

1. General information

Heathland Hotels Limited is a private company limited by shares, and is incorporated in the United Kingdom and registered in England and Wales under company registration number 03542942. The registered office address is The Birch Hotel, Lewes Road, Haywards Heath, West Sussex, RH17 7SF.

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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and 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 judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

As part of their assessment of going concern, the directors have considered the funding and liquidity position of the company to determine the appropriateness of preparing the financial statements on the going concern basis.

The comprehensive measures governments across the world have taken to limit the spread of the coronavirus pandemic have had a dramatic effect on hospitality businesses worldwide ever since March 2020.

The company's budget for the year to 31 October 2022 shows a modest operating profit of £28.9k after depreciation and special maintenance, and a closing cash balance of £70.7k. This was prepared before the emergence of the Omicron COVID variant, but actual sales for November and December 2021, and January 2022, were just 0.6% lower than budget despite some cancellations of seasonal events, and the cash balance is currently being managed well within budget. Corporate room hire has started to pick up and, although not a big revenue-earner, this is a sign of growing confidence. COVID restrictions have been significantly reduced in January and February 2022, and there is a general sense that things will get back to normal as the year progresses. A 20% reduction in hours worked and pay has been negotiated with our employees for the months of January, February and March 2022, and this will help significantly with the traditional drop in winter trading.

R A Frenkel has no intention to withdraw any part of his loan for the foreseeable future, and he stands ready to advance additional sums should they be required. An overdraft facility of £50,000 is in place with Barclays Bank, and the directors are confident that the company will be able to meet its liabilities as they fall due. R A Frenkel has confirmed that he will not demand repayment of the amounts owed to him by the company until such time as the company has sufficient resources in order for it to do so. On this basis the directors believe it is appropriate to prepare the financial statements on the going concern basis.

HEATHLAND HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

2. Accounting policies (continued)

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable by the company in respect of goods supplied and services rendered during the year, excluding discounts, rebates, value added tax and other sales taxes, and consists of room rentals, food and beverage sales and other guest services. Turnover is recognised when rooms are occupied or goods and services have been supplied or rendered. Customer deposits are not recognised until services are rendered and are deferred as liabilities.

The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover 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 turnover 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 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following bases:

Freehold property	- 2% to 10% on a straight line basis
Fixtures, fittings and equipment	- 10% to 25% on a straight line basis
Computer equipment	- 20% to 50% on a straight line basis

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.

2.5 Stocks

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

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

HEATHLAND HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

2. Accounting policies (continued)

2.6 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.

2.7 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.

2.8 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.

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

2.9 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.

2.10 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. 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.

2.11 Pensions

Defined contribution pension plan

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

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

2.12 Interest income

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

HEATHLAND HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

2. Accounting policies (continued)

2.13 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.

2.14 Borrowing costs

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

2.15 Provisions for liabilities

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

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

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

2.16 Current and deferred taxation

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

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

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

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

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

HEATHLAND HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

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

In preparing these financial statements, the directors are required to make judgements, estimates and assumptions about the carrying amount of the assets and liabilities that are not obtainable from other sources. Judgements, estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates, but are unlikely to be material.

4. Employees

The average monthly number of employees, including directors, during the year was 28 (2020 - 35).

5. Tangible fixed assets

	Freehold property £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 November 2020	2,534,029	940,914	3,474,943
Additions	-	17,521	17,521
Disposals	-	(18,524)	(18,524)
At 31 October 2021	2,534,029	939,911	3,473,940
Depreciation			
At 1 November 2020	1,055,727	809,848	1,865,575
Charge for the year on owned assets	45,605	31,430	77,035
Disposals	-	(18,350)	(18,350)
At 31 October 2021	1,101,332	822,928	1,924,260
Net book value			
At 31 October 2021	1,432,697	116,983	1,549,680
At 31 October 2020	1,478,302	131,066	1,609,368

6. Stocks

	2021 £	2020 £
Finished goods and goods for resale	9,998	7,087

HEATHLAND HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

7. Debtors

	2021 £	2020 £
Trade debtors	32,019	11,478
Other debtors	-	20,383
Prepayments and accrued income	14,667	15,717
Grants receivable	-	4,954
	<u>46,686</u>	<u>52,532</u>

8. Creditors: amounts falling due within one year

	2021 £	2020 £
Bank loans	21,667	24,000
Trade creditors	49,236	53,106
Corporation tax	16,117	-
Other taxation and social security	32,692	28,109
Other creditors	5,906	5,488
Accruals and deferred income	56,693	44,982
	<u>182,311</u>	<u>155,685</u>

9. Creditors: amounts falling due after more than one year

	2021 £	2020 £
Bank loans	108,333	336,000
Other loans	150,000	150,000
	<u>258,333</u>	<u>486,000</u>

The following liabilities included in aggregate within creditors are secured:

	2021 £	2020 £
Bank loan - CBILS	<u>130,000</u>	<u>360,000</u>

The above bank loan is secured by a debenture containing first fixed and floating charges over all property, other assets and undertaking of the company.

HEATHLAND HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

The aggregate amount of liabilities repayable wholly or in part more than five years after the balance sheet date is:

	2021 £	2020 £
Repayable by instalments	-	48,000

The above liability is repayable by monthly capital instalments of £2,407 and interest will be charged on a floating rate basis under which the interest rate will not be less than 3.35% per annum.

10. Loans

An analysis of the maturity of loans included in creditors is given below:

	2021 £	2020 £
Amounts falling due within one year		
Bank loans	21,667	24,000
Amounts falling due 1-2 years		
Bank loans	28,889	72,000
Other loans	37,500	37,500
	66,389	109,500
Amounts falling due 2-5 years		
Bank loans	79,444	216,000
Other loans	112,500	112,500
	191,944	328,500
Amounts falling due after more than 5 years		
Bank loans	-	48,000
	280,000	510,000

HEATHLAND HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

11. Financial instruments

	2021 £	2020 £
Financial assets		
Financial assets measured at fair value through profit or loss	<u>151,821</u>	<u>231,160</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

12. Deferred taxation

	2021 £	2020 £
At beginning of year	14,666	25,242
Credited/(Charged) to profit or loss	6,289	(10,576)
At end of year	<u>20,955</u>	<u>14,666</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	20,955	22,955
Tax losses carried forward	-	(8,289)
	<u>20,955</u>	<u>14,666</u>

13. Called up share capital

	2021 £	2020 £
Allotted, called up and fully paid		
2,000,000 (2020 - 2,000,000) ordinary shares of £1.00 each	<u>2,000,000</u>	<u>2,000,000</u>

HEATHLAND HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

14. Capital commitments

At 31 October 2021 the company had capital commitments as follows:

	2021 £	2020 £
Contracted for but not provided in these financial statements	<u>4,980</u>	<u>7,959</u>

15. Pension commitments

The company operates a defined contribution 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 £18,695 (2020 - £20,616). Contributions totalling £3,535 (2020 - £3,788) were payable to the fund at the balance sheet date and are included in creditors.

16. Related party transactions

At the balance sheet date, the company owed £150,000 to one of the directors of the company. Interest charges on this loan have been suspended since March 2020.

17. Post balance sheet events

The company made an unscheduled repayment of £40,000 in November 2021 to reduce the balance on the CBILS loan. This is a non-adjusting post balance sheet event.

The COVID-19 pandemic has continued to have a severe impact on economies around the globe. The emergence of the Omicron COVID variant in November 2021 undoubtedly reduced turnover at The Birch Hotel in November and December with the cancellation of some seasonal events, but sales for the three months to January 2022 were nevertheless within 0.6% of budget. COVID restrictions are now being progressively reduced by the UK government. The company has determined that these continuing events are non-adjusting subsequent events. Accordingly, the financial position of the company as at 31 October 2021 and the results for the year then ended have not been adjusted to reflect their impact.

18. Auditors' information

The auditors' report on the financial statements for the year ended 31 October 2021 was unqualified.

The audit report was signed on 21 March 2022 by Reema Mistry ACA (senior statutory auditor) on behalf of Griffin Stone Moscrop & Co.