

Company Registration No. 08864179 (England and Wales)

The Inspire Holding Company Limited

**Annual report and
group financial statements
for the 18 month period ended 30 September 2020**



The Inspire Holding Company Limited

Company information

Director	Anthony Troy
Secretary	Anthony Troy
Company number	08864179
Registered office	Mitre House North Park Road Harrogate North Yorkshire HG1 5RX
Independent auditors	Saffery Champness LLP Mitre House North Park Road Harrogate North Yorkshire HG1 5RX
Business address	Deganwy Quay Deganwy Conwy LL31 9DJ

The Inspire Holding Company Limited

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The Inspire Holding Company Limited

Strategic report

For the 18 month period ended 30 September 2020

The director presents the strategic report for the 18 month period ended 30 September 2020.

Fair review of the business

Total revenue for the Group was £12.3 million, representing 18 months of trading following the decision to extend the financial year to 30 September. An overview of performance of each property is detailed below.

As with all other hotels in the hospitality sector the performance of the Group was impacted by Covid, with the on/off lockdowns from March 2020 to July 2020.

The Quay Hotel in Deganwy, North Wales was impacted more severely due to the localised lockdowns in Wales.

During the year we endeavoured to protect cash, keep our employees and ensure all our guests experienced a Covid safe stay.

The Inn at Grasmere Ltd and Ash Cottage Ltd Grasmere

The combined properties have 62 bedrooms but we will continue to review opportunities for more bedrooms in house by reconfiguring the existing space, which we have decided to do in 2021.

Both properties performed very well when open and occupancy was very strong in both July and August 2020 post lockdown in excess of 95% in these two months. We were delighted to participate in the Eat Out to Help Out scheme and demand was strong.

We have established a very loyal guest base who enjoy the hotels, space and surrounding lakeside walks with repeat visits during the year.

During this period we reduced our covers in the bar and restaurant in line with government guidelines and ensured our public areas were Covid aware.

KPIs for the 18 months ending 30th Sept 2020 were as follows:

Total revenue - £4.76 million, down 10% on prior year on an annualised basis due to lockdown

Occupancy rates were impacted by Covid.

Bridge House Hotel, Grasmere

We commenced our refurbishment of this property as planned in early 2020.

Despite the subsequent lockdown we continued on with the refurbishment and the asset now has 27 bedrooms (previously 18) and a 3 bedroom self-contained house.

We were very pleased with the guest feedback on this new positioned property and the concept.

Deganwy Quay Ltd, North Wales

The property now consists of 77 letting bedrooms, food and beverage outlets and a full wet Spa with 10 treatment rooms. With more localised lockdowns we endeavoured to offer facilities during these challenging months based on local government restrictions.

KPIs for the 18 months ending 30th Sept 2020 were as follows:

Total revenue - £7 million, down 19% on prior year on an annualised basis due to lockdown. Occupancy rates were impacted by Covid.

Strategic report (continued)

For the 18 month period ended 30 September 2020

Eaton Hotel, Chester (closed development opportunity)

We acquired the Eaton Hotel in Chester, this is currently closed and we did plan to develop it in 2020 but decided to keep this on hold due to Covid. We will revisit options on this asset in 2021.

Capital development 18 months

During the period we spent £2.2 million of capex out of retained cash in the business with the majority of this spent on The Bridge Hotel, Grasmere. We fully refurbished the Hotel, and added an extra 9 bedrooms from existing space.

When we did trade we had a very positive response to the new offering and very strong profit conversion. We look forward to seeing the continued growth of this property.

The remaining capex was spent on The Quay Hotel, Deganwy, North Wales on the corridors, carpets etc, and we continued to spend monies at The Inn at Grasmere with the ongoing refurbishment of bathrooms and public areas similar to previous years.

Going concern

As a Group during the last 18 months we have continued to pay interest and capital repayments to the bank and have renegotiated the bank covenants in line with the reopening of the hotels post-lockdown. We have kept up with all VAT, PAYE and corporation tax payments. We have not borrowed any additional funds and have been able to rely on retained cash within the Group whilst also using the government furlough scheme during the periods of lockdown. The group has prepared detailed budgets and cash flow forecasts for the next 12 months and these show the business continuing to be able to trade profitably with significant cash headroom. Based on the detailed forecasts, the more positive general outlook and the continued support of the bank, the director is confident that the group remains a going concern.

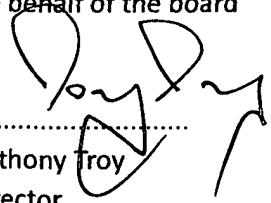
Outlook

Due to the current lockdown the hotels are currently closed but the latest roadmap by the Government has given guidelines on dates and we look forward to the ongoing vaccine rollout and reopening with no restrictions to impede the operation of the business.

We have ensured that the properties are well invested and are ready to trade similar to summer 2020 when we experienced a very strong demand from the staycation market with over 90% occupancy across all the properties.

We are controlling cash to ensure we come through the current lockdown ready to trade with loyal customers and employees.

On behalf of the board



.....
Anthony Troy
Director

29.6.21.....

The Inspire Holding Company Limited

Director's report

For the 18 month period ended 30 September 2020

The director presents his annual report and financial statements for the 18 month period ended 30 September 2020.

Principal activities

The principal activity of the company is that of a holding company for a group of hotels.

Results and dividends

The results for the 18 month period are set out on page 8.

No ordinary dividends were paid. The director does not recommend payment of a further dividend.

Director

The director who held office during the 18 month period and up to the date of signature of the financial statements was as follows:

Anthony Troy

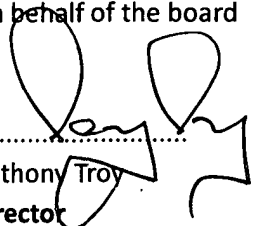
Auditor

The auditor, Saffery Champness LLP, 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.

On behalf of the board


.....
Anthony Troy
Director

Date: 29.6.21.
.....

Director's responsibilities statement

For the 18 month period ended 30 September 2020

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 group and company will continue in business.

The director is 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. He is 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.

The Inspire Holding Company Limited

Independent auditor's report

To the members of The Inspire Holding Company Limited

Opinion

We have audited the financial statements of The Inspire Holding Company Limited (the 'parent company') and its subsidiaries (the 'group') for the 18 month period ended 30 September 2020 which comprise the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group 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 Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group and of the parent company's affairs as at 30 September 2020 and of the group's profit for the 18 month period 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 group and the parent 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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about 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.

The Inspire Holding Company Limited

Independent auditor's report (continued)

To the members of The Inspire Holding Company Limited

Other information

The director is 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.

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.

Opinions 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 director's report for the financial 18 month period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's 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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the director's report.

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

- adequate accounting records have not been kept 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

The Inspire Holding Company Limited

Independent auditor's report (continued)

To the members of The Inspire Holding Company Limited

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is responsible for assessing the group 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 director either intends to liquidate the group or parent company or to cease operations, or has 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 group and parent company 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: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Martin Holden (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP


.....29/06/21

Chartered Accountants
Statutory Auditors

Mitre House
North Park Road
Harrogate
North Yorkshire
HG1 5RX

The Inspire Holding Company Limited

Group statement of comprehensive income

For the 18 month period ended 30 September 2020

		Period ended 30 September 2020 £	Year ended 31 March 2019 £
	Notes		
Revenue	3	12,315,616	9,758,342
Cost of sales		(6,403,693)	(4,692,252)
Gross profit		5,911,923	5,066,090
Distribution costs		(200,428)	(167,109)
Administrative expenses		(4,699,340)	(3,058,935)
Other operating income		672,816	-
Operating profit	4	1,684,971	1,840,046
Investment income	7	64,351	4,352
Finance costs	8	(373,996)	(244,670)
Profit before taxation		1,375,326	1,599,728
Tax on profit	9	(535,700)	(489,616)
Profit for the financial 18 month period	22	839,626	1,110,112

Profit for the financial 18 month period is all attributable to the owners of the parent company.

Total comprehensive income for the 18 month period is all attributable to the owners of the parent company.

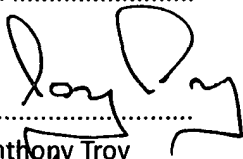
The income statement has been prepared on the basis that all operations are continuing operations.

The Inspire Holding Company Limited

**Group statement of financial position
As at 30 September 2020**

	Notes	£	2020 £	£	2019 £
Non-current assets					
Goodwill	10		1,761,812		2,475,829
Property, plant and equipment	11		11,767,833		11,177,592
			<u>13,529,645</u>		<u>13,653,421</u>
Current assets					
Inventories	14	68,274		77,415	
Trade and other receivables	15	377,039		480,377	
Cash and cash equivalents		5,331,172		4,919,176	
			<u>5,776,485</u>	<u>5,476,968</u>	
Current liabilities	16	(5,483,156)		(15,143,387)	
Net current assets/(liabilities)			<u>293,329</u>		<u>(9,666,419)</u>
Total assets less current liabilities			<u>13,822,974</u>		<u>3,987,002</u>
Non-current liabilities	17		(8,893,750)		-
Provisions for liabilities					
Deferred tax liability	19	343,815		241,219	
			<u>(343,815)</u>	<u>(241,219)</u>	
Net assets			<u>4,585,409</u>		<u>3,745,783</u>
Equity					
Called up share capital	21		1		1
Retained earnings	22		4,585,408		3,745,782
Total equity			<u>4,585,409</u>		<u>3,745,783</u>

The financial statements were approved and signed by the director and authorised for issue on 29.6.21.



 Anthony Troy
 Director

Company Registration No. 08864179

The Inspire Holding Company Limited

**Company statement of financial position
As at 30 September 2020**

	Notes	£	2020 £	£	2019 £
Non-current assets					
Property, plant and equipment	11		80,395		56,115
Investments	12		2,112,852		2,112,852
			<u>2,193,247</u>		<u>2,168,967</u>
Current assets					
Trade and other receivables	15	11,654,298		10,133,609	
Cash and cash equivalents		2,992,180		3,741,662	
		<u>14,646,478</u>		<u>13,875,271</u>	
Current liabilities	16	(7,484,969)		(15,569,986)	
Net current assets/(liabilities)			<u>7,161,509</u>		<u>(1,694,715)</u>
Total assets less current liabilities			<u>9,354,756</u>		<u>474,252</u>
Non-current liabilities	17	(8,893,750)			-
Provisions for liabilities					
Deferred tax liability	19	-		787	
		<u>-</u>	<u>-</u>	<u>787</u>	<u>(787)</u>
Net assets			<u>461,006</u>		<u>473,465</u>
Equity					
Called up share capital	21		1		1
Retained earnings	22		461,005		473,464
Total equity			<u>461,006</u>		<u>473,465</u>

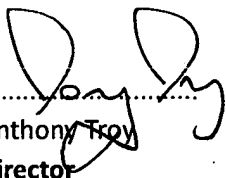
As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's loss for the year was £12,459 (2019 - £76,694) profit).

The Inspire Holding Company Limited

Company statement of financial position (continued)

As at 30 September 2020

The financial statements were approved and signed by the director and authorised for issue on 29.6.21


.....
Anthony Troy
Director

Company Registration No. 08864179

The Inspire Holding Company Limited

Group statement of changes in equity

For the 18 month period ended 30 September 2020

	Share capital £	Retained earnings £	Total £
Balance at 1 April 2018	1	2,635,670	2,635,671
Period ended 31 March 2019:			
Profit and total comprehensive income for the period	-	1,110,112	1,110,112
Balance at 31 March 2019	1	3,745,782	3,745,783
Period ended 30 September 2020:			
Profit and total comprehensive income for the period	-	839,626	839,626
Balance at 30 September 2020	1	4,585,408	4,585,409

The Inspire Holding Company Limited

Company statement of changes in equity

For the 18 month period ended 30 September 2020

	Share capital £	Retained earnings £	Total £
Balance at 1 April 2018	1	396,770	396,771
Period ended 31 March 2019:			
Profit and total comprehensive income for the period	-	76,694	76,694
Balance at 31 March 2019	1	473,464	473,465
Period ended 30 September 2020:			
Loss and total comprehensive income for the period	-	(12,459)	(12,459)
Balance at 30 September 2020	1	461,005	461,006

The Inspire Holding Company Limited

Group statement of cash flows

For the 18 month period ended 30 September 2020

	Notes	£	2020 £	£	2019 £
Cash flows from operating activities					
Cash generated from operations	26		950,938		3,062,931
Interest paid			(373,996)		(244,670)
Income taxes paid			(637,421)		(404,477)
Net cash (outflow)/inflow from operating activities			(60,479)		2,413,784
Investing activities					
Purchase of property, plant and equipment		(2,042,109)		(1,193,331)	
Proceeds on disposal of property, plant and equipment		42,941		-	
Interest received		64,351		4,352	
Net cash used in investing activities			(1,934,817)		(1,188,979)
Financing activities					
Proceeds of new bank loans		10,500,000		-	
Repayment of bank loans		(8,092,708)		(656,458)	
Net cash generated from/(used in) financing activities			2,407,292		(656,458)
Net increase in cash and cash equivalents			411,996		568,347
Cash and cash equivalents at beginning of 18 month period			4,919,176		4,350,829
Cash and cash equivalents at end of 18 month period			5,331,172		4,919,176

1 Accounting policies

Company information

The Inspire Holding Company Limited ("the company") is a private limited company incorporated in England and Wales. The registered office is Mitre House, North Park Road, Harrogate, North Yorkshire, HG1 5RX.

The group consists of The Inspire Holding Company 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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's loss for the year was £12,459 (2019 - £76,694 profit).

1 Accounting policies (continued)

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated group financial statements consist of the financial statements of the parent company The Inspire Holding Company Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 30 September 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.

1.3 Going concern

As a Group during the last 18 months we have continued to pay interest and capital repayments to the bank and have renegotiated the bank covenants in line with the opening of the hotels post-lockdown. We have kept up with all VAT, PAYE and corporation tax payments. We have not borrowed any additional funds and have been able to rely on retained cash within the Group whilst also using the government furlough scheme during the periods of lockdown. The group has prepared detailed budgets and cash flow forecasts for the next 12 months and these show the business continuing to be able to trade profitably with significant cash headroom. Based on the detailed forecasts, the more positive general outlook and the continued support of the bank, the director is confident that the group remains a going concern.

1 Accounting policies (continued)

1.4 Revenue

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Revenue from the sale of services is recognised at the point at which the services are delivered to the customer.

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.

1.5 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 10 years.

1.6 Property, plant and equipment

Property, plant and equipment 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:

Land and buildings Freehold	10-50 years straight line on buildings
Plant and machinery	5 years straight line
Fixtures, fittings & equipment	4-10 years straight line
Computer equipment	5 years straight line
Motor vehicles	5 years straight line

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 income statement.

1.7 Impairment of non-current assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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.

1 Accounting policies (continued)

1.8 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials. Provision is made for obsolete and slow moving items where appropriate.

1.9 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.

1.10 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 statement of financial position 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 trade and other receivables, 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.

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.

1 Accounting policies (continued)

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, including trade and other payables, 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 payables 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

1.11 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.

1.12 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 income statement 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.

1 Accounting policies (continued)

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. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has 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 non-current 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.

1.14 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the 18 month period they are payable.

1.15 Leases

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.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the director is 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 Revenue

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

	2020 £	2019 £
Revenue analysed by class of business		
Hotel income	12,315,616	9,758,342
	<u> </u>	<u> </u>
	2020 £	2019 £
Other significant revenue		
Interest income	64,351	4,352
Grants received	672,816	-
	<u> </u>	<u> </u>
	2020 £	2019 £
Revenue analysed by geographical market		
United Kingdom	12,315,616	9,758,342
	<u> </u>	<u> </u>

4 Operating profit

	2020 £	2019 £
Operating profit for the period is stated after charging/(crediting):		
Government grants	(672,816)	-
Depreciation of owned property, plant and equipment	1,408,927	759,262
Amortisation of intangible assets	714,017	480,453
Operating lease charges	1,077	428
	<u> </u>	<u> </u>

The Inspire Holding Company Limited

Notes to the financial statements (continued)

For the 18 month period ended 30 September 2020

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	3,800	3,700
Audit of the company's subsidiaries	14,200	15,580
	<u>18,000</u>	<u>19,280</u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the 18 month period was:

	2020	2019
	Number	Number
Hotel staff	175	169
Management and administrative staff	6	22
	<u>181</u>	<u>191</u>

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	3,854,637	2,749,421
Social security costs	298,871	78,674
Pension costs	2,622	9,359
	<u>4,156,130</u>	<u>2,837,454</u>

7 Investment income

	2020	2019
	£	£
Interest income		
Interest on bank deposits	<u>64,351</u>	<u>4,352</u>

The Inspire Holding Company Limited

Notes to the financial statements (continued)
For the 18 month period ended 30 September 2020

7 Investment income (continued)

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	64,351	4,352
	<u> </u>	<u> </u>

8 Finance costs

	2020	2019
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	373,996	244,074
Other finance costs:		
Other interest	-	596
	<u> </u>	<u> </u>
Total finance costs	373,996	244,670
	<u> </u>	<u> </u>

9 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	442,281	425,006
Adjustments in respect of prior periods	(2,320)	(797)
	<u> </u>	<u> </u>
Total current tax	439,961	424,209
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	67,457	65,407
Adjustment in respect of prior periods	28,282	-
	<u> </u>	<u> </u>
Total deferred tax	95,739	65,407
	<u> </u>	<u> </u>
 Total tax charge	 535,700	 489,616
	<u> </u>	<u> </u>

Notes to the financial statements (continued)
For the 18 month period ended 30 September 2020

9 Taxation (continued)

The actual charge for the 18 month period can be reconciled to the expected charge for the 18 month period based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	1,375,326	1,599,728
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	261,312	303,948
Tax effect of expenses that are not deductible in determining taxable profit	8,158	2,855
Unutilised tax losses carried forward	15,955	8,047
Effect of change in corporation tax rate	-	(6,232)
Depreciation on assets not qualifying for tax allowances	89,751	75,721
Under/(over) provided in prior years	(2,320)	(797)
Deferred tax adjustments in respect of prior years	28,282	12,445
Amortisation	135,663	92,331
Change in deferred tax rate	(1,101)	-
Other tax adjustments	-	1,298
Taxation charge	535,700	489,616

10 Intangible fixed assets

Group	Goodwill £	Tour bookings £	Total £
Cost			
At 1 April 2019 and 30 September 2020	4,604,530	246,000	4,850,530
Amortisation and impairment			
At 1 April 2019	2,128,701	246,000	2,374,701
Amortisation charged for the 18 month period	714,017	-	714,017
At 30 September 2020	2,842,718	246,000	3,088,718

The Inspire Holding Company Limited

Notes to the financial statements (continued)

For the 18 month period ended 30 September 2020

10 Intangible fixed assets (continued)

Carrying amount

At 30 September 2020

1,761,812	-	1,761,812
<u> </u>	<u> </u>	<u> </u>

At 31 March 2019

2,475,829	-	2,475,829
<u> </u>	<u> </u>	<u> </u>

The company had no intangible fixed assets at 30 September 2020 or 31 March 2019.

The Inspire Holding Company Limited

Notes to the financial statements (continued)
For the 18 month period ended 30 September 2020

11 Property, plant and equipment

Group	Land and buildings Freehold £	Land and buildings Leasehold £	Assets under construction £	Plant and machinery £	Fixtures, fittings & equipment £	Computer equipment £	Motor vehicles £	Total £
Cost								
At 1 April 2019	10,953,754	277,124	42,920	18,296	3,552,085	15,625	62,790	14,922,594
Additions	1,186,332	-	-	-	785,777	-	70,000	2,042,109
Disposals	(42,941)	-	-	-	-	-	-	(42,941)
Transfers	-	-	(42,920)	-	42,920	-	-	-
At 30 September 2020	12,097,145	277,124	-	18,296	4,380,782	15,625	132,790	16,921,762
Depreciation and impairment								
At 1 April 2019	1,389,723	124,726	-	9,693	2,203,729	10,456	6,675	3,745,002
Depreciation charged in the 18 month period	651,609	11,085	-	4,085	692,119	4,309	45,720	1,408,927
At 30 September 2020	2,041,332	135,811	-	13,778	2,895,848	14,765	52,395	5,153,929
Carrying amount								
At 30 September 2020	10,055,813	141,313	-	4,518	1,484,934	860	80,395	11,767,833
At 31 March 2019	9,564,031	152,398	42,920	8,603	1,348,356	5,169	56,115	11,177,592

The Inspire Holding Company Limited

Notes to the financial statements (continued)

For the 18 month period ended 30 September 2020

Company	Motor vehicles £
Cost	
At 1 April 2019	62,790
Additions	70,000
At 30 September 2020	132,790
Depreciation and impairment	
At 1 April 2019	6,675
Depreciation charged in the 18 month period	45,720
At 30 September 2020	52,395
Carrying amount	
At 30 September 2020	80,395
At 31 March 2019	56,115

12 Fixed asset investments

		Group 2020 £	2019 £	Company 2020 £	2019 £
	Notes				
Investments in subsidiaries	13	-	-	2,112,852	2,112,852

Movements in non-current investments

Company	Shares in group undertakings £
Cost or valuation	
At 1 April 2019 and 30 September 2020	2,112,852
Carrying amount	
At 30 September 2020	2,112,852
At 31 March 2019	2,112,852

The Inspire Holding Company Limited

Notes to the financial statements (continued) For the 18 month period ended 30 September 2020

13 Subsidiaries

Details of the company's subsidiaries at 30 September 2020 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Indirect
Ash Cottage Propco Limited	England & Wales	Ordinary	100.00	-
Bridge House Hotel Limited	England & Wales	Ordinary	100.00	-
Deganwy Quay Limited	England & Wales	Ordinary	100.00	-
Quay Propco Limited	England & Wales	Ordinary	100.00	-
The Inn at Grasmere Limited	England & Wales	Ordinary	100.00	-
Twenty Nine City Road Limited	England & Wales	Ordinary	100.00	-

The following subsidiaries are exempt from audit under the requirements of s479A of the Companies Act 2006. The Inspire Holding Company Limited guarantees the companies under s479C of the Companies Act 2006 in respect of the period ended 30 September 2020.

Quay Propco Limited - company no. 08924336
The Inn at Grasmere Limited - company no. 08864536
Bridge House Hotel Limited - company no. 04289948
Twenty Nine City Road - company no. 10285540
Deganwy Quay Limited - company no. 04180826

14 Inventories

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Raw materials and consumables	1,500	4,951	-	-
Finished goods and goods for resale	66,774	72,464	-	-
	<u>68,274</u>	<u>77,415</u>	<u>-</u>	<u>-</u>

The Inspire Holding Company Limited

Notes to the financial statements (continued)

For the 18 month period ended 30 September 2020

15 Trade and other receivables

	Group 2020	2019	Company 2020	2019
	£	£	£	£
Amounts falling due within one year:				
Trade receivables	56,546	144,638	-	-
Corporation tax recoverable	50,577	-	-	-
Other receivables	196,795	55,416	305	2,914
Prepayments and accrued income	66,263	280,323	9,732	135,448
	<u>370,181</u>	<u>480,377</u>	<u>10,037</u>	<u>138,362</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	11,637,403	9,995,247
Deferred tax asset (note 19)	6,858	-	6,858	-
	<u>6,858</u>	<u>-</u>	<u>11,644,261</u>	<u>9,995,247</u>
Total debtors	<u>377,039</u>	<u>480,377</u>	<u>11,654,298</u>	<u>10,133,609</u>

16 Current liabilities

		Group 2020	2019	Company 2020	2019
	Notes	£	£	£	£
Bank loans	18	687,500	7,173,958	687,500	7,173,958
Trade payables		511,478	699,301	-	-
Amounts owed to group undertakings		-	-	3,480,778	2,940,915
Corporation tax payable		139,110	285,992	3,767	33,180
Other taxation and social security		131,771	241,783	-	-
Other payables		3,598,099	5,731,695	3,253,375	5,383,547
Accruals and deferred income		415,198	1,010,658	59,549	38,386
		<u>5,483,156</u>	<u>15,143,387</u>	<u>7,484,969</u>	<u>15,569,986</u>

The Inspire Holding Company Limited

Notes to the financial statements (continued)

For the 18 month period ended 30 September 2020

17 Non-current liabilities

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	18	8,893,750	-	8,893,750	-

18 Borrowings

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	9,581,250	7,173,958	9,581,250	7,173,958
Payable within one year	687,500	7,173,958	687,500	7,173,958
Payable after one year	8,893,750	-	8,893,750	-

The bank loans are secured by way of fixed and floating charges in favour of Santander UK Plc dated 1 April 2019 over the freehold property known as Bridge House Hotel, Ash Cottage, Red Lion Hotel and Deganwy Quay Hotel and the leasehold property known as Deganwy Quay Hotel.

The group has bank loans with Santander UK Plc which commenced on 1 April 2019 comprising a 60 month loan facility. The repayment terms comprise quarterly instalments and a bullet payment at the termination date. The loans are subject to interest at 1.85% plus LIBOR.

19 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:

Group	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Accelerated capital allowances	345,074	248,213	6,858	-
Short term timing differences	(1,259)	(6,994)	-	-
	343,815	241,219	6,858	-

Notes to the financial statements (continued)
For the 18 month period ended 30 September 2020

19 Deferred taxation (continued)

	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Company				
Accelerated capital allowances	-	787	6,858	-
			Group 2020 £	Company 2020 £
Movements in the 18 month period:				
Liability at 1 April 2019			241,219	787
Credit to profit and loss			(14,633)	(7,645)
Liability/(Asset) at 30 September 2020			226,586	(6,858)

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

20 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	2,622	9,359

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.

21 Share capital

	2020 Number	2019 Number	2020 £	2019 £
Ordinary share capital				
Issued and fully paid				
Ordinary share of £1 each	1	1	1	1

The Company has one class of ordinary shares which carry no right to fixed income and full voting rights.

The Inspire Holding Company Limited

Notes to the financial statements (continued)

For the 18 month period ended 30 September 2020

22 Retained earnings

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
At the beginning of the 18 month period	3,745,782	2,635,670	473,464	396,770
Profit/(loss) for the 18 month period	839,626	1,110,112	(12,459)	76,694
At the end of the 18 month period	<u>4,585,408</u>	<u>3,745,782</u>	<u>461,005</u>	<u>473,464</u>

23 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Acquisition of property, plant and equipment	<u>122,488</u>	<u>61,898</u>	<u>-</u>	<u>-</u>

24 Related party transactions

Transactions with related parties

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2020	2019
	£	£
Group and company		
Key management personnel	3,182,464	5,382,464
	<u> </u>	<u> </u>
Company		
Entities over which the company has control, joint control or significant influence	3,480,788	2,940,915
	<u> </u>	<u> </u>

The director's loan is unsecured, interest free and repayable on demand.

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	
	2020	2019
Company		
Entities over which the company has control, joint control or significant influence	11,637,403	9,995,247
	<u> </u>	<u> </u>
	<u>11,637,403</u>	<u>9,995,247</u>

No guarantees have been given or received.

25 Controlling party

The ultimate party is Anthony Troy by virtue of his 100% shareholding in the company.

The Inspire Holding Company Limited

Notes to the financial statements (continued)
For the 18 month period ended 30 September 2020

26 Cash generated from group operations

	2020	2019
	£	£
Profit for the 18 month period after tax	839,626	1,110,112
Adjustments for:		
Taxation charged	535,700	489,616
Finance costs	373,996	244,670
Investment income	(64,351)	(4,352)
Amortisation and impairment of intangible assets	714,017	480,453
Depreciation and impairment of property, plant and equipment	1,408,927	759,262
Movements in working capital:		
Decrease/(increase) in inventories	9,141	(624)
Decrease in trade and other receivables	160,773	4,514
Decrease in trade and other payables	(3,026,891)	(20,720)
Cash generated from operations	<u>950,938</u>	<u>3,062,931</u>

27 Analysis of changes in net debt - group

	1 April 2019	Cash flows 30 September 2020	
	£	£	£
Cash at bank and in hand	4,919,176	411,996	5,331,172
Borrowings excluding overdrafts	(7,173,958)	(2,407,292)	(9,581,250)
	<u>(2,254,782)</u>	<u>(1,995,296)</u>	<u>(4,250,078)</u>

28 Analysis of changes in net debt - company

	1 April 2019	Cash flows 30 September 2020	
	£	£	£
Cash at bank and in hand	3,741,662	(749,482)	2,992,180
Borrowings excluding overdrafts	(7,173,958)	(2,407,292)	(9,581,250)
	<u>(3,432,296)</u>	<u>(3,156,774)</u>	<u>(6,589,070)</u>