

Registered number: 05921582

Pebble Hotels Limited

Annual report and financial statements

For the Year Ended 31 March 2023

Pebble Hotels Limited

Company Information

Directors	S E Kennedy P D Walters K Thomson
Registered number	05921582
Registered office	Beaulieu House Roman Road Dorking Surrey RH4 3ET
Independent auditor	Kreston Reeves LLP Statutory Auditor & Chartered Accountants Springfield House Springfield Road Horsham West Sussex RH12 2RG
Bankers	NatWest 440 Strand London WC3R 0QS
Solicitors	Womble Bond Dickinson (UK) LLP 3 Temple Quay Temple Back East Bristol BS1 6DZ

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**Group strategic report
For the Year Ended 31 March 2023**

Introduction

This was a year when the company reset its goals and established a platform for growth over the coming years.

The prime focus was on driving accommodation sales forward by focusing on new leisure markets and maintaining a strong business trade. Accordingly accommodation sales increased by 21% in the year.

In addition to the £1,000,000 impairment, the cost pressures on energy and labour, as well-reported across the hospitality sector, impacted along with the rising interest rates and contributed to a loss for the year of £(1,171,455).

Shareholders' funds were £1,249,550 at the financial year end. This is after making a prudent impairment charge of £1,000,000 which given current performance is expected to reverse in the coming year.

Business review

The hotels delivered growing sales and an operating profit of £111,396. However, it is clear to the directors that further upside should be delivered by an ongoing focus on driving sales and a tighter grip on costs.

Principal risks and uncertainties

The company uses various financing methods including a secured bank loan, a subordinated director's loan, and trade debtors and creditors that arise directly from its operations.

The main financial risks for the company are inflation and high bank interest rates, which will be offset by tighter cost control and the ongoing amortisation of the bank loan.

Financial key performance indicators

The directors monitor the Company's performance through a number of indicators: the main measurements are like-for-like turnover, operating profit and net cash flow from operating activities. Like-for-like turnover was £3,453,766 (£3,049,735 in 2022) with operating profit £111,396 (2022: operating loss £11,233), generating net cash of negative £164,271 (negative £4,065 in 2022).

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

K Thomson
Director

Date: 12 March 2024

**Directors' report
For the Year Ended 31 March 2023**

The directors present their report and the financial statements for the year ended 31 March 2023.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group 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 for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The company's principal activity is the running and operation of hotels and public houses.

Results and dividends

The loss for the year, after taxation, amounted to £1,171,455 (2022 - loss £230,468).

The directors recommend that no final dividend be paid.

Directors

The directors who served during the year were:

S E Kennedy
P D Walters
K Thomson

Directors' report (continued)
For the Year Ended 31 March 2023

Financial instruments

The group's principal financial instruments are comprised of bank balances, trade creditors and loans to the company. The main purpose of these instruments is to raise funds to finance the group's operations. The main risks arising from the financial instruments are credit risk, liquidity risk and interest rate risk.

Due to the nature of the financial instruments used by the group, there is no exposure to price risk. The group's approach to managing other risks applicable to the financial instruments concerned is set out below.

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of the group's bank balances.

In respect of loans, these are comprised of loans from financial institutions and other loans. The interest rate on loans from financial institutions is variable, and the interest on other loans is fixed. The company manages the liquidity risk by ensuring that there are sufficient funds to meet the repayments.

Trade creditors' liquidity risk is managed by ensuring that sufficient funds are available to meet amounts due.

Matters covered in the Group strategic report

The Strategic report includes details of the group's performance, future developments and key risks which would otherwise be reported in this directors' report.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's and the Group's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the company since the year end.

Auditor

Under section 487(2) of the Companies Act 2006, Kreston Reeves LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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

K Thomson
Director

Date: 12 March 2024

Independent auditor's report to the members of Pebble Hotels Limited

Opinion

We have audited the financial statements of Pebble Hotels Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2023, which comprise the Consolidated statement of comprehensive income, the Consolidated balance sheet, the Company balance sheet, the Consolidated statement of cash flows, the Consolidated statement of changes in equity, the Company statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2023 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of Pebble Hotels Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group 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 Group 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 Group strategic report or the Directors' 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's 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 set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Independent auditor's report to the members of Pebble Hotels Limited (continued)

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 Group financial statements

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

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the group and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of freehold properties. Audit procedures performed by the group engagement team included:

- Discussions with management and assessment of known or suspected instances of non compliance with laws and regulations (including health and safety) and fraud, and review of the reports made by management; and
- Assessment of identified fraud risk factors; and
- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud; and
- Conducting interviews with appropriate personnel to gain further insight into the control systems implemented, and the risk of irregularity; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Checking and reperforming the reconciliation of key control accounts; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Reading minutes of meetings of those charged with governance and reviewing correspondence with relevant tax and regulatory authorities; and
- Review of internal controls and physical inspection of tangible assets susceptible to fraud or irregularity; and
- Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout

the audit. We also:

Independent auditor's report to the members of Pebble Hotels Limited (continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Allan Pinner FCCA (Senior statutory auditor)

for and on behalf of

Kreston Reeves LLP

Statutory Auditor

Chartered Accountants

Horsham

12 March 2024

**Consolidated statement of comprehensive income
For the Year Ended 31 March 2023**

	Note	2023 £	2022 £
Turnover	4	3,453,766	3,049,735
Cost of sales		(545,782)	(480,830)
Gross profit		2,907,984	2,568,905
Administrative expenses		(2,796,588)	(2,671,688)
Impairment		(1,000,000)	-
Other operating income	5	-	91,550
Operating loss		(888,604)	(11,233)
Interest receivable and similar income		24	24
Interest payable and similar expenses	8	(282,875)	(219,259)
Loss before taxation		(1,171,455)	(230,468)
Loss for the financial year		(1,171,455)	(230,468)

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 13 to 26 form part of these financial statements.

Consolidated balance sheet
As at 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	10	7,455,336	8,484,579
		<u>7,455,336</u>	<u>8,484,579</u>
Current assets			
Stocks		49,640	51,345
Debtors: amounts falling due within one year	12	228,525	214,374
Bank and cash balances		5,519	166,261
		<u>283,684</u>	<u>431,980</u>
Creditors: amounts falling due within one year	13	(1,475,825)	(4,531,889)
Net current liabilities		<u>(1,192,141)</u>	<u>(4,099,909)</u>
Total assets less current liabilities		<u>6,263,195</u>	<u>4,384,670</u>
Creditors: amounts falling due after more than one year	14	(5,013,645)	(1,963,665)
Net assets		<u><u>1,249,550</u></u>	<u><u>2,421,005</u></u>
Capital and reserves			
Called up share capital	17	3,300,099	3,300,099
Profit and loss account		(2,050,549)	(879,094)
		<u><u>1,249,550</u></u>	<u><u>2,421,005</u></u>

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

K Thomson
Director

Date: 12 March 2024

The notes on pages 13 to 26 form part of these financial statements.

Company balance sheet
As at 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	10	2,490,291	2,519,534
Investments	11	4,479,587	5,379,587
		6,969,878	7,899,121
Current assets			
Stocks		49,640	51,345
Debtors: amounts falling due within one year	12	715,218	801,067
Bank and cash balances		4,284	165,026
		769,142	1,017,438
Creditors: amounts falling due within one year	13	(1,475,825)	(4,531,889)
Net current liabilities		(706,683)	(3,514,451)
Total assets less current liabilities		6,263,195	4,384,670
Creditors: amounts falling due after more than one year	14	(5,013,645)	(1,963,665)
Net assets		1,249,550	2,421,005
Capital and reserves			
Called up share capital	17	3,300,099	3,300,099
Profit and loss account brought forward		(879,094)	(648,626)
Loss for the year		(1,171,455)	(230,468)
Profit and loss account carried forward		(2,050,549)	(879,094)
		1,249,550	2,421,005

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

K Thomson
Director

Date: 12 March 2024

The notes on pages 13 to 26 form part of these financial statements.

**Consolidated statement of changes in equity
For the Year Ended 31 March 2023**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2021	3,300,099	(648,626)	2,651,473
Loss for the year	-	(230,468)	(230,468)
At 1 April 2022	3,300,099	(879,094)	2,421,005
Loss for the year	-	(1,171,455)	(1,171,455)
At 31 March 2023	3,300,099	(2,050,549)	1,249,550

The notes on pages 13 to 26 form part of these financial statements.

**Company statement of changes in equity
For the Year Ended 31 March 2023**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2021	3,300,099	(648,626)	2,651,473
Loss for the year	-	(230,468)	(230,468)
At 1 April 2022	3,300,099	(879,094)	2,421,005
Loss for the year	-	(1,171,455)	(1,171,455)
At 31 March 2023	3,300,099	(2,050,549)	1,249,550

The notes on pages 13 to 26 form part of these financial statements.

Share capital

This represents the nominal value of shares that have been issued by the company.

Profit and loss account

The profit and loss account comprised all current and prior period retained profits and losses after deducting any distributions made to the company's shareholder.

Consolidated statement of cash flows
For the Year Ended 31 March 2023

	2023 £	2022 £
Cash flows from operating activities		
Loss for the financial year	(1,171,455)	(230,468)
Adjustments for:		
Depreciation of tangible assets	64,174	86,354
Impairments of tangible assets	1,000,000	-
Interest paid	282,875	219,259
Interest received	(24)	(24)
Decrease/(increase) in stocks	1,705	(16,246)
(Increase) in debtors	(14,151)	(139,474)
Increase in creditors	55,037	370,819
Net cash generated from operating activities	<u>218,161</u>	<u>290,220</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(34,931)	(433)
Interest received	24	24
Net cash from investing activities	<u>(34,907)</u>	<u>(409)</u>
Cash flows from financing activities		
Repayment of loans	(3,368,136)	(74,617)
Other new loans	3,303,486	-
Interest paid	(282,875)	(219,259)
Net cash used in financing activities	<u>(347,525)</u>	<u>(293,876)</u>
Net (decrease) in cash and cash equivalents	<u>(164,271)</u>	<u>(4,065)</u>
Cash and cash equivalents at beginning of year	<u>166,261</u>	<u>170,326</u>
Cash and cash equivalents at the end of year	<u><u>1,990</u></u>	<u><u>166,261</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	5,519	166,261
Bank overdrafts	(3,529)	-
	<u><u>1,990</u></u>	<u><u>166,261</u></u>

Notes to the financial statements
For the Year Ended 31 March 2023

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was £1,171,455 (2022: loss of £230,468).

The accounts are presented in sterling and rounded to the nearest £1.

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

1.3 Revenue

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

Sale of goods

For accommodation and room hire, revenue is recognised at the point of service. Revenue for food, drink and other services is recognised at the point of sale.

Any revenue received in advance is deferred until the point when the service is provided, in accordance with the stated policy.

Rendering of services

Revenue from a contract to provide pub operational and restructuring advice services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract.

Notes to the financial statements
For the Year Ended 31 March 2023

1. Accounting policies (continued)

1.4 Going concern

During the year, the company successfully refinanced its borrowings with its existing bankers so that the majority of the debt is now due for repayment in May 2027.

Given the current level of bank borrowings compared to property values, the Directors are relatively confident that bank finance will continue to be available, although this cannot be guaranteed, and the terms may adversely change. If there is a requirement for additional funding and there is reluctance from the company's bankers to provide this, the directors have agreed that they will continue to support the company for a period of twelve months from the date that these financial statements are approved.

As a result of the ongoing cost of living crisis being experienced in the UK and the impact that this is having on the hospitality sector, it remains difficult to accurately forecast the expected performance of the Company for twelve months following the date of approval of these financial statements. Based on the profitable post balance sheet performance and ongoing bank/director support outlined above, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

1.5 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.

No depreciation is provided on freehold properties as it is the group's policy to maintain these assets so that they keep their previously assessed standard of performance. As the useful economic lives of these assets are of such length and the residual values are such that they are not materially different from the carrying amount, any depreciation would not be material. The value is reviewed annually and permanent diminution in value is provided for.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Fixtures and fittings	- 15%
Computer equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Notes to the financial statements
For the Year Ended 31 March 2023

1. Accounting policies (continued)

1.6 Impairment of fixed assets and goodwill

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

1.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.8 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 weighted average basis.

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

1.9 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Cash and cash equivalents

These comprise cash at bank and other short term highly liquid investments that mature in no more than three months from the date of acquisition.

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.

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.

1.10 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated statement of comprehensive income in the same period as the related expenditure.

**Notes to the financial statements
For the Year Ended 31 March 2023**

1. Accounting policies (continued)

1.11 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.

1.12 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2. Statutory information

Pebble Hotels Limited, is a limited liability company, limited by shares, incorporated in England, company number 05921582. The principal activities of the group are the running and operation of hotels and public houses, the running of pubs for third parties and providing operational and restructuring advice. The address of the registered office is Beaulieu House, Roman Road, Dorking, Surrey, RH4 3ET. The address of the principal place of business is The Potters Heron, Ampfield, Romsey, Hampshire, SO51 9ZF.

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

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the year.

The nature of estimation is such though that actual outcomes could differ significantly from those estimates.

Tangible fixed assets

The Group has freehold property with a carrying value of £7,360,632 (2022: £8,360,632) at the reporting date (see note 10). These assets are stated at cost with no depreciation being charged. This is because the company's policy is to maintain these assets so that they keep their previously assessed standard of performance, it is estimated that the useful economic lives of these assets are of such length and the residual values are such that they are not materially different from the carrying amount, therefore any depreciation would not be material. At subsequent reporting dates the directors use judgement and consider whether there are any factors that indicate a permanent change or diminution in value of the properties.

The group has recognised other tangible fixed assets with a carrying value of £94,704 (2022: £123,947) at the reporting date (see note 10). These assets are stated at their cost less provision for depreciation and impairment. The group determines at acquisition reliable estimates for the useful life of the asset, its residual value and decommissioning costs. These estimates are based upon such factors as the expected use of the acquired asset and market conditions. At subsequent reporting dates the directors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the estimates used.

Notes to the financial statements
For the Year Ended 31 March 2023

4. Turnover

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

	2023 £	2022 £
Liquor sales	634,048	559,937
Food sales	1,304,489	1,197,327
Accommodation income	1,331,846	1,111,363
Functions income	98,857	59,046
Other income	84,526	93,131
Potters Heron fire insurance income	-	28,931
	<u>3,453,766</u>	<u>3,049,735</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2023 £	2022 £
Government grants receivable	-	91,550
	<u>-</u>	<u>91,550</u>

6. Auditor's remuneration

During the year, the Group obtained the following services from the Company's auditor:

	2023 £	2022 £
Fees payable to the Company's auditor for the audit of the consolidated and parent Company's financial statements	<u>23,800</u>	<u>15,700</u>

Notes to the financial statements
For the Year Ended 31 March 2023

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Wages and salaries	1,270,371	1,325,615	1,270,371	1,325,615
Social security costs	103,035	91,048	103,035	91,048
Cost of defined contribution scheme	15,599	20,969	15,599	20,969
	<u>1,389,005</u>	<u>1,437,632</u>	<u>1,389,005</u>	<u>1,437,632</u>

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

	2023 No.	2022 No.
Hotel Staff	50	54
Management Staff	14	15
	<u>64</u>	<u>69</u>

8. Interest payable

	2023 £	2022 £
Bank interest payable	168,965	102,572
Other loan interest payable	113,910	116,687
	<u>282,875</u>	<u>219,259</u>

9. Taxation

	2023 £	2022 £
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	-	-

Notes to the financial statements
For the Year Ended 31 March 2023

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - higher than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023	2022
	£	£
Loss on ordinary activities before tax	<u>(1,171,455)</u>	<u>(230,468)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(222,576)	(43,789)
Effects of:		
Depreciation in excess of capital allowances	(5,405)	10,235
Impairment of tangible fixed assets	190,000	-
Unrelieved tax losses carried forward	40,144	28,299
Other differences leading to an increase/(decrease) in the tax charge	(2,163)	5,255
Total tax charge for the year	<u>-</u>	<u>-</u>

Notes to the financial statements
For the Year Ended 31 March 2023

9. Taxation (continued)

Factors that may affect future tax charges

There are tax losses of £931,198 (2022: £1,567,056) available against future taxable profits of the company. A deferred tax asset has not been recognised in respect of these losses due to uncertainty about future recoverability.

10. Tangible fixed assets

Group

	Freehold property	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
Cost or valuation				
At 1 April 2022	8,360,632	1,662,483	238,302	10,261,417
Additions	-	34,931	-	34,931
At 31 March 2023	<u>8,360,632</u>	<u>1,697,414</u>	<u>238,302</u>	<u>10,296,348</u>
Depreciation				
At 1 April 2022	-	1,539,417	237,421	1,776,838
Charge for the year on owned assets	-	63,441	733	64,174
Impairment charge	1,000,000	-	-	1,000,000
At 31 March 2023	<u>1,000,000</u>	<u>1,602,858</u>	<u>238,154</u>	<u>2,841,012</u>
Net book value				
At 31 March 2023	<u>7,360,632</u>	<u>94,556</u>	<u>148</u>	<u>7,455,336</u>
At 31 March 2022	<u>8,360,632</u>	<u>123,066</u>	<u>881</u>	<u>8,484,579</u>

Included within freehold property are assets with a net book value of £7,360,632 that are pledged as security for liabilities.

Notes to the financial statements
For the Year Ended 31 March 2023

10. Tangible fixed assets (continued)

Company

	Freehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 April 2022	2,395,587	1,662,483	238,302	4,296,372
Additions	-	34,931	-	34,931
At 31 March 2023	2,395,587	1,697,414	238,302	4,331,303
Depreciation				
At 1 April 2022	-	1,539,417	237,421	1,776,838
Charge for the year on owned assets	-	63,441	733	64,174
At 31 March 2023	-	1,602,858	238,154	1,841,012
Net book value				
At 31 March 2023	2,395,587	94,556	148	2,490,291
At 31 March 2022	2,395,587	123,066	881	2,519,534

Included within freehold property are assets with a net book value of £2,395,587 that are pledged as security for liabilities.

Notes to the financial statements
For the Year Ended 31 March 2023

11. Fixed asset investments

Company

	Investments in subsidiary companies	Other fixed asset investments	Total
	£	£	£
Cost or valuation			
At 1 April 2022	2	5,379,585	5,379,587
At 31 March 2023	2	5,379,585	5,379,587
Impairment			
Charge for the period	-	900,000	900,000
At 31 March 2023	-	900,000	900,000
Net book value			
At 31 March 2023	2	4,479,585	4,479,587
At 31 March 2022	2	5,379,585	5,379,587

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Pebble Trading Limited	Dormant company	Ordinary	100 %
Washington Hotels (No. 15) Unit Trust	Property holding unit trust	Units	90 %

Pebble Trading Limited is incorporated in the United Kingdom.

Washington Hotels (No. 15) Unit Trust is incorporated in Jersey. Pebble Hotels Limited has a 90% holding in the Washington Hotels (No. 15) Unit Trust. The remaining 10% holding in the Washington Hotels (No. 15) Unit Trust is held by the subsidiary Pebble Trading Limited.

The aggregate of the share capital and reserves as at 31 March 2023 for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
	£	£
Pebble Trading Limited	(99,998)	(100,000)
Washington Hotels (No. 15) Unit Trust	-	4,001,235

Notes to the financial statements
For the Year Ended 31 March 2023

12. Debtors

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade debtors	22,149	35,521	22,149	35,521
Amounts owed by group undertakings	-	-	486,693	586,693
Other debtors	49,391	21,731	49,391	21,731
Prepayments and accrued income	156,985	157,122	156,985	157,122
	<u>228,525</u>	<u>214,374</u>	<u>715,218</u>	<u>801,067</u>

13. Creditors: Amounts falling due within one year

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Bank overdrafts	3,529	-	3,529	-
Bank loans	141,894	3,286,524	141,894	3,286,524
Other loans	170,000	140,000	170,000	140,000
Payments received on account	139,183	141,285	139,183	141,285
Trade creditors	278,373	299,379	278,373	299,379
Other taxation and social security	240,589	117,869	240,589	117,869
Other creditors	11,826	778	11,826	778
Accruals and deferred income	490,431	546,054	490,431	546,054
	<u>1,475,825</u>	<u>4,531,889</u>	<u>1,475,825</u>	<u>4,531,889</u>

Secured loans

The bank loan shown in notes 13 and 14 include a secured loan with National Westminster Bank Plc with an outstanding balance of £3,511,277. The loan is secured by two legal charges dated 14 January 2016 and 18 January 2016. The first legal charge is a fixed charge over the freehold property known as The White Swan Hotel, Chichester Road, Arundel, West Sussex. The second legal charge is a fixed charge over all land, plant and machinery, uncalled capital, and shares in subsidiary undertakings that are held by the company. The second legal charge also contains a floating charge over all other assets and property held by the Company both present and future. Both legal charges are subject to negative pledges. Interest on the loan has been agreed at 2.8% over the Bank of England Base Rate per annum. The loan is due for repayment in May 2027.

Unsecured loans

The CBILS (Coronavirus Business interruption Loan Scheme) loan of £144,262 was advanced in February 2021; at the end of the period the full amount was outstanding. The loan term is 63 months with one year interest free from drawdown, incurring an interest rate 4.53% for 39 months, with interest rate of of 3.96% over the Bank of England base rate thereafter. The loan is due for repayment on 17 April 2026.

Notes to the financial statements
For the Year Ended 31 March 2023

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

	Group	Group	Company	Company
	2023	2022	2023	2022
	£	£	£	£
Bank loans	3,513,645	463,665	3,513,645	463,665
Other loans	1,500,000	1,500,000	1,500,000	1,500,000
	<u>5,013,645</u>	<u>1,963,665</u>	<u>5,013,645</u>	<u>1,963,665</u>

See note 13 for information regarding the security held for the loans.

15. Loans

Analysis of the maturity of loans is given below:

	Group	Group	Company	Company
	2023	2022	2023	2022
	£	£	£	£
Amounts falling due within one year				
Bank loans	141,894	3,286,524	141,894	3,286,524
Other loans	170,000	140,000	170,000	140,000
Amounts falling due 1-2 years				
Bank loans	141,894	78,450	141,894	78,450
Amounts falling due 2-5 years				
Bank loans	3,371,751	385,215	3,371,751	385,215
Amounts falling due after more than 5 years				
Other loans	1,500,000	1,500,000	1,500,000	1,500,000
	<u>5,325,539</u>	<u>5,390,189</u>	<u>5,325,539</u>	<u>5,390,189</u>

Notes to the financial statements
For the Year Ended 31 March 2023

16. Financial instruments

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>234,044</u>	<u>380,635</u>	<u>719,052</u>	<u>966,093</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(6,489,470)</u>	<u>(6,495,554)</u>	<u>(6,489,470)</u>	<u>(6,495,554)</u>

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings and other debtors as detailed in note 12 and cash at bank and in hand as detailed on the balance sheet.

Financial liabilities measured at amortised cost comprise bank loans and other loans as detailed in

notes 13 and 14 and trade creditors, payments received on account, corporation tax and social security

taxes, other creditors and accruals as detailed in note 13.

17. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
99 (2022 - 99) Ordinary shares of £1 each	99	99
3,300,000 (2022 - 3,300,000) Preferred Ordinary shares of £1 each	3,300,000	3,300,000
	<u>3,300,099</u>	<u>3,300,099</u>

Ordinary shares have a right to 0.01% of the first £3,300,000 in aggregate of any profits distributed and 99.99% thereafter. On winding up or other return of capital ordinary shares have a right to 99.99% of amounts over £3,300,000 when aggregated with dividends.

Preferred ordinary shares have a right to 99.99% of the first £3,300,000 in aggregate of any profits distributed and 0.01% thereafter. On winding up or other return of capital preferred ordinary shares have a right to receive surplus assets first, up to an aggregate amount (with dividends) of £3,300,000 and thereafter 0.01%.

18. 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 £15,599 (2022: £20,969).

No contributions were payable to the fund at the balance sheet date (2022: £Nil).

Notes to the financial statements
For the Year Ended 31 March 2023

19. Related party transactions

The company repaid £8,000 (2022: £Nil) to Duck and Rice Limited, a company in which S E Kennedy and P D Walters are directors. At the balance sheet date the company owed Duck and Rice Limited £Nil (2022: £8,000).

During the year the the company accrued £Nil (2022: £100,000) of directors fees payable to Pebble Solutions Limited, a company in which S E Kennedy and K Thomson are directors. At the balance sheet date the company had accrued £225,000 (2022: £300,000).

The company paid interest of £104,137 (2022: £106,572) in the year on an unsecured loan from PYW Investments Limited, a company in which P D Walters is a director. The term of the loan is a maximum of 15 years and interest is charged at 7% per annum. The outstanding balance at the balance sheet date was £1,500,000 (2022: £1,500,000).

The company paid interest of £9,773 (2022: £9,961) in the year on an unsecured loan from S E Kennedy. The loan is repayable on demand and interest is charged at 7% per annum. The outstanding balance at the balance sheet date was £170,000 (2022: £140,000).

Key management personnel

The persons having authority and responsibility for planning, directing and controlling the activities of the company are the directors. During the year the compensation of key management personnel totalled £Nil (2022: £100,000).

20. Controlling party

The company is controlled by S E Kennedy, P D Walters and K Thomson by virtue of their share ownership.

21. Analysis of net debt

	At 1 April 2022	Cash flows	Other non-cash changes	At 31 March 2023
	£	£	£	£
Cash at bank and in hand	166,261	(160,742)	-	5,519
Bank overdrafts	-	(3,529)	-	(3,529)
Debt due after 1 year	(1,963,665)	-	(3,049,980)	(5,013,645)
Debt due within 1 year	(3,426,524)	64,650	3,049,980	(311,894)
	<u>(5,223,928)</u>	<u>(99,621)</u>	<u>-</u>	<u>(5,323,549)</u>

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