

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
FOR
KHANNA ENTERPRISES (KENILWORTH) LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	5
Income Statement	8
Other Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12

KHANNA ENTERPRISES (KENILWORTH) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

DIRECTORS:

L M Becker
J D Levy
N S Rubin
M D Rubin

REGISTERED OFFICE:

Greenhill House
90/93 Cowcross Street
London
EC1M 6BF

REGISTERED NUMBER:

05948357 (England and Wales)

AUDITORS:

Goldwyns Limited
Statutory Auditors and Chartered Accountants
Rutland House
90-92 Baxter Avenue
Southend on Sea
Essex
SS2 6HZ

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their strategic report for the year ended 31 December 2022.

Principal activity

The principal activity of the company during the year under review was a hotel operating under the IHG Holiday Inn franchise.

REVIEW OF BUSINESS

The results for the year show revenues generated of £2,722,982 (2021 - £1,714,414) and a resultant loss before tax of £(1,026,918) (2021 - £(891,652)). Full details of the company's financial performance can be found in the annexed financial statements.

Following a tough couple of years, the company opened the period, like many, with a difficult trading environment. Still coming to terms with the after effects of the preceding pandemic, the year then delivered (in quick succession) an invasion into Ukraine, consequential unchecked energy price increases and resultant inflation and hence a constant upturn in interest rates. With the company's pre-existing debt, the rising interest costs were a matter of concern.

Nonetheless, the company was pleased to see a return to normal trading. Following a period of substantial restrictions, seeing a resurgence of customer enquiries, bookings and subsequent footfall was extremely encouraging. The economic conditions remained tough, but hotel occupancy returned to normal levels and the market continued to pick back up.

Despite a difficult operating environment, and the waning of Government support post-pandemic, the return of the company's primary trading activities and the actions of the directors in managing the same helped profits recover. The directors are pleased with the company's subsequent results, in light of the wider environment. Not only that, but the company has built strong foundations upon which it can build into 2023 and beyond.

Furthermore, the company made substantial inroads into its pandemic borrowings and extended credit facilities.

During the year the company also refinanced its pre-existing bridging debt, on a two year profile. As well as securing the company's immediate future, this refinance significantly reduced the business' exposure to its pre-existing interest rates, easing the immediate pressures on profit requirements to service.

Nonetheless, the directors are continuing to review and improve the business. Bookings (and delivery) into next year are good. The business is evolving to tackle the operative challenges which remain. Supplier relationships are nurtured and built upon. The business boasts an enviable and diverse workforce.

The directors look forward to seeing how the business moves forward.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk to the business is inadequate occupancy of its available rooms and therefore an inability to generate sufficient revenues to service operations. The directors closely monitor the company's performance against similar businesses operating in comparable markets and respond accordingly.

Similarly, the company carefully monitors its compliance with brand standards, and regularly compares its performance against other (local and national) hotels to ensure it remains competitive.

The company is also susceptible to any loss in key members of operational staff and therefore operates a number of performance reward and incentive programmes to mitigate these risks.

Finally, the current economic situation has put a strain on the company's financing costs. The directors continue to monitor this closely, and seek alternative financing options where they mitigate the business' exposure to the same.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

SECTION 172(1) STATEMENT

The board of directors have a legal responsibility under section 172 of the Companies Act 2006 to act in the way we consider, in good faith, would be most likely to promote the company's success for the benefit of its members as a whole, and to have regard to the long-term effect of our decisions on the company and its stakeholders. This statement addresses the ways in which we as a board handle this responsibility.

Decision making

Regular operational and strategic meetings are held by the directors and general managers. This ensures the board has access to the key factors affecting all areas of the business' decision making, shorter term or longer.

Furthermore, the company is in constant communication with IHG and various industry specific news sources. This enables the directors to keep abreast of, and address, all longer-term shifts in the company's operating markets.

Employee engagement

The company maintains a diverse workforce of local employees spanning all aspects of the hotel delivery, supplemented by outsourced staff and suppliers where necessary. Staff are rewarded in line with comparable local markets, provided with specific training relevant to their needs and have access to wider industry opportunities as a result of the same.

Business relationships

The company actively maintains strong relationships with its key suppliers and support functions, to ensure it has access to the resources it needs to operate effectively.

The wider franchise ensures the company has access to a broad array of customers, visiting for various purposes. The company monitors compliance with brand standards to ensure all customers' expectations are satisfied and deliver the best possible service it can achieve.

Community and environmental impact

The directors remain ever conscious of the impact their business has on the local community and environment. As well as being a supportive local employer, the company also complies with all franchise environmental incentives.

Business conduct

The directors closely monitor the company's service delivery to ensure at all times the business is honest, fair and professional in its conduct with all stakeholders.

Shareholder engagement

The company is actively managed by its shareholders, who are all represented on the board of directors.

ON BEHALF OF THE BOARD:

J D Levy - Director

27 September 2023

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their report with the financial statements of the company for the year ended 31 December 2022.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2022.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

L M Becker
J D Levy
N S Rubin
M D Rubin

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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 company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Goldwyns Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

J D Levy - Director

27 September 2023

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF KHANNA ENTERPRISES (KENILWORTH) LIMITED

Opinion

We have audited the financial statements of Khanna Enterprises (Kenilworth) Limited (the 'company') for the year ended 31 December 2022 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity 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 company's affairs as at 31 December 2022 and of its 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF KHANNA ENTERPRISES (KENILWORTH) LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 Statement of Directors' Responsibilities set out on page four, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

In order to address the risks of misstatements in respect of irregularities, including fraud, we have:

- obtained an understanding of the key laws and regulations applicable to the company, including the Companies Act 2006, its IHG Holiday Inn franchise agreement and applicable taxation legislation;
- assessed the company's own internal controls and systems for the prevention and detection of irregularities and particularly the control environment within which they operate;
- determined a materiality level and audit approach sufficient to identify most irregularities, including fraud, that may occur;
- considered our own involvement in the preparation of the company's statutory financial statements and taxation returns;
- conducted audit verification work, on a sample basis, on the key audit areas and risks we have identified; and
- reflected on the outcome of our work, and the likelihood that conclusions drawn may be indicative of other areas of potential irregularity.

We therefore consider our audit approach has been sufficient to detect material irregularities, including fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
KHANNA ENTERPRISES (KENILWORTH) LIMITED**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.

S T Blundell FCA (Senior Statutory Auditor)
for and on behalf of Goldwyns Limited
Statutory Auditors and Chartered Accountants
Rutland House
90-92 Baxter Avenue
Southend on Sea
Essex
SS2 6HZ

28 September 2023

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £	2021 £
TURNOVER		2,722,982	1,714,414
Cost of sales		<u>1,905,248</u>	<u>1,162,263</u>
GROSS PROFIT		817,734	552,151
Administrative expenses		<u>951,861</u>	<u>710,587</u>
		(134,127)	(158,436)
Other operating income		<u>2,775</u>	<u>216,334</u>
OPERATING (LOSS)/PROFIT	4	(131,352)	57,898
Interest payable and similar expenses	6	<u>895,566</u>	<u>949,550</u>
LOSS BEFORE TAXATION		(1,026,918)	(891,652)
Tax on loss	7	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(1,026,918)</u>	<u>(891,652)</u>

The notes form part of these financial statements

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
LOSS FOR THE YEAR		(1,026,918)	(891,652)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		-	-
FOR THE YEAR		<u>(1,026,918)</u>	<u>(891,652)</u>

BALANCE SHEET
31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
FIXED ASSETS					
Intangible assets	9		3,000		6,000
Tangible assets	10		<u>8,375,997</u>		<u>8,492,723</u>
			8,378,997		8,498,723
CURRENT ASSETS					
Stocks	11	11,430		6,718	
Debtors	12	5,375,304		5,557,463	
Cash at bank and in hand		<u>923,532</u>		<u>11,373</u>	
		6,310,266		5,575,554	
CREDITORS					
Amounts falling due within one year	13	<u>3,184,735</u>		<u>6,847,000</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>3,125,531</u>		<u>(1,271,446)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			11,504,528		7,227,277
CREDITORS					
Amounts falling due after more than one year	14		<u>14,343,071</u>		<u>9,038,902</u>
NET LIABILITIES			<u>(2,838,543)</u>		<u>(1,811,625)</u>
CAPITAL AND RESERVES					
Called up share capital	18		1		1
Retained earnings	19		<u>(2,838,544)</u>		<u>(1,811,626)</u>
SHAREHOLDERS' FUNDS			<u>(2,838,543)</u>		<u>(1,811,625)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 27 September 2023 and were signed on its behalf by:

J D Levy - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2021	1	(919,974)	(919,973)
Changes in equity			
Total comprehensive income	-	(891,652)	(891,652)
Balance at 31 December 2021	1	(1,811,626)	(1,811,625)
Changes in equity			
Total comprehensive income	-	(1,026,918)	(1,026,918)
Balance at 31 December 2022	1	(2,838,544)	(2,838,543)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. STATUTORY INFORMATION

Khanna Enterprises (Kenilworth) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The company trades from its leased property in Kenilworth, Warwick.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard 102 - reduced disclosure exemptions

Exemption has been taken from preparing a cash flow statement in accordance with section 7 of FRS 102 on the grounds that the parent company includes the subsidiary in its published financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover represents the income receivable by the company from its trading activities as a hotel. Sales encompass room hire, food and beverage income and all other associated ancillary hotel and guest services. Turnover is recognised in the period in which the physical goods are sold, as services are performed or otherwise as entitlement accrues to the company.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being amortised evenly over their estimated useful life of ten years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Long leasehold	- over a period of 175 years
Equipment	- 25% on reducing balance and 15% on reducing balance
Fixtures and fittings	- 15% on reducing balance
Computer equipment	- 33% on cost

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	1,055,862	678,910
Social security costs	73,277	40,748
Other pension costs	15,089	9,067
	<u>1,144,228</u>	<u>728,725</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

3. **EMPLOYEES AND DIRECTORS - continued**

The average number of employees during the year was as follows:

	2022	2021
Staff	66	43
Directors	<u>4</u>	<u>4</u>
	<u>70</u>	<u>47</u>
	2022	2021
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

4. **OPERATING (LOSS)/PROFIT**

The operating loss (2021 - operating profit) is stated after charging:

	2022	2021
	£	£
Hire of plant and machinery	10,217	7,699
Depreciation - owned assets	131,137	122,565
Depreciation - assets on finance leases	100,000	100,000
Patents and licences amortisation	<u>3,000</u>	<u>3,000</u>

5. **AUDITORS' REMUNERATION**

	2022	2021
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	11,500	10,000
Audit remuneration - other non-audit services	<u>3,824</u>	<u>146</u>

6. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2022	2021
	£	£
Leasing	248,726	251,201
Loan interest payable	<u>646,840</u>	<u>698,349</u>
	<u>895,566</u>	<u>949,550</u>

7. **TAXATION**

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 December 2022 nor for the year ended 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

7. TAXATION - continued**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £	2021 £
Loss before tax	<u>(1,026,918)</u>	<u>(891,652)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	(195,114)	(169,414)
Effects of:		
Expenses not deductible for tax purposes	19,202	19,292
Losses not recognised	<u>175,912</u>	<u>150,122</u>
Total tax charge	<u>-</u>	<u>-</u>

Although historically deferred tax assets have not been recognised, the company does benefit from significant trading losses (£2.2m) carried forward, ongoing capital allowances (£276k) and capital losses (£2.26m) which will reduce its exposure to future taxable profits accordingly.

8. GOVERNMENT GRANTS

During the year HM Revenue and Customs opened a compliance check into the company's use of the Coronavirus Job Retention Scheme and its claims under it. That check has since been concluded, with the company accepting a relatively trivial £3,225 adjustment in respect of error claims. The cost of that adjustment has been recognised in these accounts.

During the year, the company was in receipt of a hospitality and leisure grant as the business was affected by the Omicron variant. The grant of £6,000 has been included in other operating income. No other Government support or grants were required during the year.

9. INTANGIBLE FIXED ASSETS

	Patents and licences £
COST	
At 1 January 2022	
and 31 December 2022	<u>30,000</u>
AMORTISATION	
At 1 January 2022	24,000
Amortisation for year	<u>3,000</u>
At 31 December 2022	<u>27,000</u>
NET BOOK VALUE	
At 31 December 2022	<u>3,000</u>
At 31 December 2021	<u>6,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

10. TANGIBLE FIXED ASSETS

	Long leasehold £	Equipment £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 January 2022	8,500,000	15,069	638,353	5,627	9,159,049
Additions	-	7,098	107,313	-	114,411
At 31 December 2022	<u>8,500,000</u>	<u>22,167</u>	<u>745,666</u>	<u>5,627</u>	<u>9,273,460</u>
DEPRECIATION					
At 1 January 2022	222,466	15,069	424,484	4,307	666,326
Charge for year	100,000	1,137	128,680	1,320	231,137
At 31 December 2022	<u>322,466</u>	<u>16,206</u>	<u>553,164</u>	<u>5,627</u>	<u>897,463</u>
NET BOOK VALUE					
At 31 December 2022	<u>8,177,534</u>	<u>5,961</u>	<u>192,502</u>	<u>-</u>	<u>8,375,997</u>
At 31 December 2021	<u>8,277,534</u>	<u>-</u>	<u>213,869</u>	<u>1,320</u>	<u>8,492,723</u>

The group's bankers hold legal charges over all of the company's property in support of the group's financing facilities.

All assets held under leases had a carrying value at 31 December 2022 of £8,207,747.

On 10 October 2019 the company entered into agreement to sell and then leaseback the property from which it trades, over a period of 225 years. This lease substantially amounts to a financing lease, as the company will derive benefit from the property throughout a major part of its useful life, and has been recognised accordingly.

Fixed assets, included in the above, which are held under finance leases are as follows:

	Long leasehold £
COST	
At 1 January 2022 and 31 December 2022	<u>8,500,000</u>
DEPRECIATION	
At 1 January 2022	222,466
Charge for year	100,000
At 31 December 2022	<u>322,466</u>
NET BOOK VALUE	
At 31 December 2022	<u>8,177,534</u>
At 31 December 2021	<u>8,277,534</u>

11. STOCKS

	2022 £	2021 £
Stocks	<u>11,430</u>	<u>6,718</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade debtors	129,602	8,725
Amounts owed by group undertakings	5,066,763	5,038,513
Other debtors	51,156	489,395
Tax	-	2,916
Prepayments	127,783	17,914
	<u>5,375,304</u>	<u>5,557,463</u>

Although there are no formal terms deferring repayment, the majority of the balance owed by group undertakings is unlikely to be recovered within the next twelve months.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Bank loans and overdrafts (see note 15)	10,511	6,323,751
Other loans (see note 15)	50,644	105,916
Finance leases (see note 16)	38,244	83,029
Trade creditors	353,699	90,431
Social security and other taxes	60,614	33,788
Other creditors	2,603,600	135,124
Accrued expenses	67,423	74,961
	<u>3,184,735</u>	<u>6,847,000</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£	£
Bank loans (see note 15)	5,469,520	-
Other loans (see note 15)	154,241	204,886
Finance leases (see note 16)	8,719,310	8,834,016
	<u>14,343,071</u>	<u>9,038,902</u>

15. LOANS

An analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	10,511	54,825
Bank loans	-	6,268,926
Other loans	50,644	105,916
	<u>61,155</u>	<u>6,429,667</u>
Amounts falling due between one and two years:		
Bank loans	5,469,520	-
Other loans	112,871	105,056
	<u>5,582,391</u>	<u>105,056</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

15. **LOANS - continued**

	2022 £	2021 £
Amounts falling due between two and five years:		
Other loans	<u>41,370</u>	<u>99,830</u>

16. **LEASING AGREEMENTS**

Minimum lease payments under finance leases fall due as follows:

	Finance leases	
	2022 £	2021 £
Gross obligations repayable:		
Within one year	275,385	319,003
Between one and five years	970,701	1,004,894
In more than five years	<u>123,183,984</u>	<u>123,333,899</u>
	<u>124,430,070</u>	<u>124,657,796</u>
Finance charges repayable:		
Within one year	237,141	235,974
Between one and five years	970,701	966,675
In more than five years	<u>114,464,674</u>	<u>114,538,102</u>
	<u>115,672,516</u>	<u>115,740,751</u>
Net obligations repayable:		
Within one year	38,244	83,029
Between one and five years	-	38,219
In more than five years	<u>8,719,310</u>	<u>8,795,797</u>
	<u>8,757,554</u>	<u>8,917,045</u>

On 10 October 2019 the company entered into an agreement to lease the property from which it trades for a period of 225 years. This transaction amounts to a finance lease and has been recognised accordingly. The company is liable for an annual rent of £150,000, adjusted for changes in the retail price index but subject to a minimum of 1% and a maximum of 4% increase per year.

Throughout the initial period of the lease the annual interest arising will exceed the rental payments due and therefore the company's recognised finance liability will continue to increase.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

17. SECURED DEBTS

The following secured debts are included within creditors:

	2022 £	2021 £
Bank overdrafts	10,511	54,825
Bank loans	5,469,520	6,268,926
Other loans	204,885	310,802
Finance leases	8,757,554	8,917,045
	<u>14,442,470</u>	<u>15,551,598</u>

The company's bank loans are secured by fixed and floating charge over the company's property and equipment and all assets.

Finance lease liabilities are secured on the assets to which they relate.

Other loans consists of a Coronavirus Business Interruption Loan, which the company drew in September 2020. The loan is backed by a partial guarantee from the UK Government.

The bank overdraft is secured by a guarantee from Dragonglass Milton Keynes Limited, Leigh Hotels Limited, Stonehenge Hotels Limited and Tankersley Hotels Limited. The company had also given cross-guarantees in respect of other associated companies' bank overdrafts. At the balance sheet date, those companies' liabilities to the bank totalled £119,889 (2021 - £215,221).

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022 £	2021 £
1	Ordinary	£1	<u>1</u>	<u>1</u>

19. RESERVES

	Retained earnings £
At 1 January 2022	(1,811,626)
Deficit for the year	<u>(1,026,918)</u>
At 31 December 2022	<u>(2,838,544)</u>

20. PENSION COMMITMENTS

The company operates a defined contribution scheme in respect of its eligible employees. During the year, total contributions to this scheme amounted to £15,089 (2021 - £9,067). There was a contribution of £3,374 outstanding at the balance sheet date (2021 - £305).

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

21. RELATED PARTY DISCLOSURES

The company works closely with a portfolio of four other hotels and their respective companies, all under similar (but not identical) control. Further, the whole portfolio is managed by BGAM Limited, a hotel management enterprise, again with ownership similarities and common directors. These close working relationships enables all businesses to access necessary trading expertise when needed, negotiate beneficial relationships with suppliers and leverage various economies of scale for mutual benefit.

During the year the company's total compensation to key management personnel (including directors) amounted to £65,904 (2021 - £69,583).

The company also utilises management services provided by a company under common control. During the year total costs arising for these management services amounted to £102,817 (2021 - £54,235). At the balance sheet date £2,471,787 was owed to companies under common control (2021 - £359,100 owed by companies under common control).

BGAM Hotels (KW) Limited is regarded by the directors as being the company's ultimate parent company.

22. GOING CONCERN

The financial statements show that, as at 31 December 2022, the company has a deficiency of net assets of £2,838,543 (2021 - £1,811,625). The continuation of the company's activities are dependent upon the continued support of its associated companies and the company's bankers, which is forthcoming. The accounts are therefore still prepared on a going concern basis.

The directors have taken into consideration the events after the end of the period when assessing the company's ability to continue as a going concern.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.