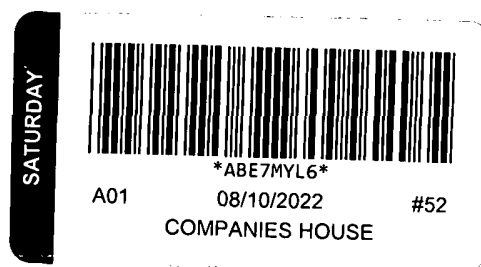


Company Registration No. 06030804 (England and Wales)

**OLD THORNS GOLF HOTEL AND COUNTRY ESTATE
(HOLDINGS) LIMITED**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022



OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | Mrs X Zhang Mr C P Lynch |
| Company number | 06030804 |
| Registered office | Old Thorns Golf Hotel and Country Estate Longmoor Road Liphook Hampshire United Kingdom GU30 7PE |
| Auditor | UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW |

OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED

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OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

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

Fair review of the business

During the year the group's turnover increased to £10.27m (2021: £2.87m). Occupancy increased in the year to 54% (2021: 22%) with average room rate increasing to £118.27 (2021: £97.92).

During the year capital expenditure included investment in a new Pro Shop, refurbishment of the Coffee Shop, one of the bedroom blocks and renewal of kitchen and restaurant equipment and gym equipment.

With COVID-19 government restrictions lifted, the group saw occupancy and revenue start to increase to closer to pre pandemic levels.

Principal risks and uncertainties

Risks regularly reviewed by directors which could materially affect the group's business are:

Financial Risk - Treasury activities take place under procedures and policies approved and monitored by the Board. They are designed to minimise the financial risks faced by the group i.e. liquidity risk, credit risk and interest rate risk. The Board considers that the group is not exposed to price risk or foreign exchange risk.

Liquidity Risk - The group manages its liquidity to ensure that sufficient funds are available for ongoing operations and future developments whilst seeking to minimise interest expense.

Credit Risk - The group's principal financial assets are cash balances and trade debtors. Credit risk on cash balances is limited as the Board only deposits funds with regulated institutions which have high credit ratings. Trade debtor balances are monitored on an ongoing basis and provision is made for doubtful debts as necessary

Interest rate risk - The group is exposed to interest rate risk on its cash balances. The Board monitors interest rates available for the company's funds taking into account the group's liquidity and credit risk requirements.

General economic situation in the UK - The group is liable to be affected by changes in customer and business sector confidence and spending power, and may need to adjust its operations accordingly.

COVID-19 Pandemic - The group has put steps in place to assist with recovery from the pandemic.

Development and performance

Old Thorns aims to be the destination four star resort in the south, offering a high quality product in fabulous surroundings at an attractive price.

OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Section 172 statement

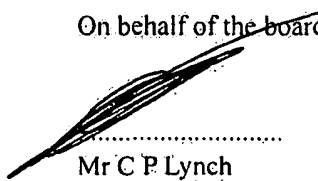
Stakeholder engagement is an important area of focus for Old Thorns. We ensure that we have open communication with our various stakeholders and we use information gained through the stakeholder relationships to make informed judgements when making key decisions.

Safety initiatives, consistent training and open dialogue between all employees are just a few of the ways the company and group ensures its employees improve skill sets and work hand-in-hand with management to improve all aspects of the company's and group's performance. When making key decisions, the interests of any key relevant stakeholders will always be considered by Old Thorns' Directors including employees, suppliers, customers, the government, the community and the environment.

The Directors are committed to positive involvement in the local communities where we operate. Old Thorns strictly follows environmental regulations at its sites and supports sustainability practices where possible.

The Board recognises its responsibilities under section 172 as outlined above and has acted at all times in a way consistent with promoting the success of the company and group with regard to all stakeholders.

On behalf of the board



.....
Mr C P Lynch
Director

Date: 3rd October 2022

OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

Principal activities

The principal activity of the group during the year continued to be that of running a hotel, golf and country club.

Results and dividends

The results for the year are set out on page 11.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

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

Mrs X Zhang
Mr C P Lynch

Auditor

The auditor, UHY Hacker Young, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report

The group's report on its emissions, energy consumption and energy efficiency activities is as follows:

| | 2022 | 2021 |
|---|-----------|-----------|
| <i>Energy consumption</i> | kWh | kWh |
| Aggregate of energy consumption in the year | 3,810,920 | 1,606,064 |

OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

| | 2022 metric tonnes | 2021 metric tonnes |
|--|--------------------------|--------------------------|
| <i>Emissions of CO2 equivalent</i> | | |
| Scope 1 - direct emissions | | |
| - Gas combustion | 439.46 | 145.93 |
| - Gas oil | 20.82 | 32.49 |
| - Fuel consumed for owned transport | 9.56 | 4.16 |
| | <u>469.84</u> | <u>182.58</u> |
| Scope 2 - indirect emissions | | |
| - Electricity purchased | 242.64 | 151.08 |
| Scope 3 - other indirect emissions | | |
| - Fuel consumed for transport not owned by the | - | - |
| | <u>712.48</u> | <u>333.66</u> |
| Total gross emissions | | |
| | <u><u>712.48</u></u> | <u><u>333.66</u></u> |
| <i>Intensity ratio</i> | | |
| Tonnes CO2e per bedroom sold | 0.03 | 0.04 |
| | <u><u>0.03</u></u> | <u><u>0.04</u></u> |

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2022 UK Government's Conversion Factors for Company Reporting.

For electricity and gas, meter readings were not available for all electricity and gas meters therefore these figures includes some estimates which have been taken from the energy suppliers invoice.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per bedrooms sold, an appropriate ratio for the sector.

Measures taken to improve energy efficiency

As part of a renewable energy programme solar panels were fitted to the hotel in July 2021, this will help reduce the companies carbon footprint going forward. The company will continue to assess the Co2e impact when making business decisions especially around capital expenditure to ensure energy efficient options are considered.

OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

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.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of risk management objectives and policies.

COVID-19

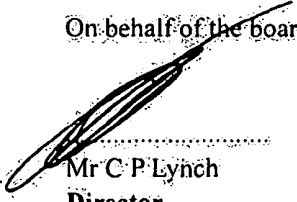
As COVID-19 government restrictions were lifted, the hotel continued on its road to recovery, assisted by steps put in place by the Directors to drive revenue growth and reduce costs. Old Thorns has seen revenue increase to closer to pre pandemic levels as a result of increased levels of occupancy with social distancing restrictions removed. With staycations remaining popular due to COVID-19 restrictions still in place overseas, the business had another high performing summer. We believe the hotel is well placed to continue its recovery to pre pandemic levels.

OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

On behalf of the board



Mr C P Lynch
Director

Date: 3rd October 2022

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED

Opinion

We have audited the financial statements of Old Thorns Golf Hotel And Country Estate (Holdings) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 and 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

**TO THE MEMBERS OF OLD THORNS GOLF HOTEL AND COUNTRY ESTATE
(HOLDINGS) LIMITED**

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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.

Based on our understanding of the group and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the group which were contrary to applicable laws and regulations including fraud and 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 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 the inflated revenue and profit.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of accounting policy applied, correspondence with the team and lenders, and enquiries of management in so far as they related to the financial statements, and testing of journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

**TO THE MEMBERS OF OLD THORNS GOLF HOTEL AND COUNTRY ESTATE
(HOLDINGS) LIMITED**

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available 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 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.

Marc Waterman (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young

Date:

Chartered Accountants
Statutory Auditor

OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

| | Notes | 2022 £ | 2021 £ |
|--|----------|------------------------|---------------------------|
| Turnover | 2 | 10,268,934 | 2,873,618 |
| Cost of sales | | (8,261,992) | (5,308,321) |
| Gross profit/(loss) | | <u>2,006,942</u> | <u>(2,434,703)</u> |
| Administrative expenses | | (2,084,127) | (1,651,731) |
| Other operating income | | 861,484 | 2,331,207 |
| Operating profit/(loss) | 3 | <u>784,299</u> | <u>(1,755,227)</u> |
| Interest receivable and similar income | 6 | 61,728 | 56,013 |
| Interest payable and similar expenses | 7 | (869,545) | (882,081) |
| Loss before taxation | | <u>(23,518)</u> | <u>(2,581,295)</u> |
| Tax on loss | 8 | - | (390,487) |
| Loss for the financial year | | <u><u>(23,518)</u></u> | <u><u>(2,971,782)</u></u> |

Loss for the financial year is all attributable to the owners of the parent company.

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


OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2022

| | Notes | 2022 £ | 2021 £ |
|--|-------|---------------------|---------------------|
| Fixed assets | | | |
| Tangible assets | 10 | 20,189,822 | 20,993,507 |
| Current assets | | | |
| Stocks | 13 | 173,998 | 177,224 |
| Debtors | 14 | 14,479,488 | 14,565,763 |
| Cash at bank and in hand | | 2,430,177 | 777,700 |
| | | <u>17,083,663</u> | <u>15,520,687</u> |
| Creditors: amounts falling due within one year | 15 | <u>(7,633,346)</u> | <u>(6,160,705)</u> |
| Net current assets | | <u>9,450,317</u> | <u>9,359,982</u> |
| Total assets less current liabilities | | <u>29,640,139</u> | <u>30,353,489</u> |
| Creditors: amounts falling due after more than one year | 16 | <u>(33,139,955)</u> | <u>(33,829,787)</u> |
| Net liabilities | | <u>(3,499,816)</u> | <u>(3,476,298)</u> |
| Capital and reserves | | | |
| Called up share capital | 19 | 10,000 | 10,000 |
| Profit and loss reserves | | <u>(3,509,816)</u> | <u>(3,486,298)</u> |
| Total equity | | <u>(3,499,816)</u> | <u>(3,476,298)</u> |

The financial statements were approved by the board of directors and authorised for issue on 3rd Oct 2022 and are signed on its behalf by:


Mr C P Lynch
Director

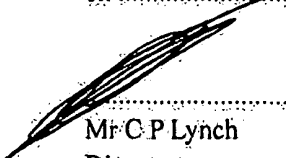
OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED**COMPANY BALANCE SHEET****AS AT 31 MARCH 2022**

| | Notes | 2022 £ | £ | 2021 £ | £ |
|--|-------|-------------|---|-------------|---|
| Fixed assets | | | | | |
| Investments | 11 | 6,196,144 | | 6,196,144 | |
| Current assets | | - | | - | |
| Creditors: amounts falling due within one year | 15 | (4,704,392) | | (4,675,543) | |
| Net current liabilities | | (4,704,392) | | (4,675,543) | |
| Total assets less current liabilities | | 1,491,752 | | 1,520,601 | |
| Creditors: amounts falling due after more than one year | 16 | (1,950,000) | | (1,950,000) | |
| Net liabilities | | (458,248) | | (429,399) | |
| Capital and reserves | | | | | |
| Called up share capital | 19 | 10,000 | | 10,000 | |
| Profit and loss reserves | | (468,248) | | (439,399) | |
| Total equity | | (458,248) | | (429,399) | |

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £28,849 (2021 - £28,813 loss).

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

The financial statements were approved by the board of directors and authorised for issue on ~~30 Oct 2022~~ and are signed on its behalf by:


Mr C P Lynch
Director

Company Registration No. 06030804

OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED**GROUP STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 MARCH 2022**

| | Share capital £ | Profit and loss reserves £ | Total £ |
|--|-----------------------|-------------------------------------|-------------|
| Balance at 1 April 2020 | 10,000 | (514,516) | (504,516) |
| Year ended 31 March 2021: | | | |
| Loss and total comprehensive income for the year | - | (2,971,782) | (2,971,782) |
| Balance at 31 March 2021 | 10,000 | (3,486,298) | (3,476,298) |
| Year ended 31 March 2022: | | | |
| Loss and total comprehensive income for the year | - | (23,518) | (23,518) |
| Balance at 31 March 2022 | 10,000 | (3,509,816) | (3,499,816) |

OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 MARCH 2022**

| | Share capital £ | Profit and loss reserves £ | Total £ |
|--|-----------------------|-------------------------------------|------------|
| Balance at 1 April 2020 | 10,000 | (410,586) | (400,586) |
| | <hr/> | <hr/> | <hr/> |
| Year ended 31 March 2021: | | | |
| Loss and total comprehensive income for the year | - | (28,813) | (28,813) |
| | <hr/> | <hr/> | <hr/> |
| Balance at 31 March 2021 | 10,000 | (439,399) | (429,399) |
| | <hr/> | <hr/> | <hr/> |
| Year ended 31 March 2022: | | | |
| Loss and total comprehensive income for the year | - | (28,849) | (28,849) |
| | <hr/> | <hr/> | <hr/> |
| Balance at 31 March 2022 | 10,000 | (468,248) | (458,248) |
| | <hr/> | <hr/> | <hr/> |

OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

| | Notes | 2022 £ | £ | 2021 £ | £ |
|---|-------|-----------|---|-----------|---|
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 23 | 2,893,316 | | 581,001 | |
| Interest paid | | (869,545) | | (882,081) | |
| | | | | | |
| Net cash inflow/(outflow) from operating activities | | 2,023,771 | | (301,080) | |
| Investing activities | | | | | |
| Purchase of tangible fixed assets | | (446,671) | | (131,492) | |
| Proceeds on disposal of tangible fixed assets | | 13,649 | | 935,513 | |
| Interest received | | 61,728 | | 56,013 | |
| | | | | | |
| Net cash (used in)/generated from investing activities | | (371,294) | | 860,034 | |
| Financing activities | | | | | |
| Repayment of bank loans | | - | | (90,000) | |
| | | | | | |
| Net cash used in financing activities | | - | | (90,000) | |
| | | | | | |
| Net increase in cash and cash equivalents | | 1,652,477 | | 468,954 | |
| Cash and cash equivalents at beginning of year | | 777,700 | | 308,746 | |
| | | | | | |
| Cash and cash equivalents at end of year | | 2,430,177 | | 777,700 | |

OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

Old Thorns Golf Hotel And Country Estate (Holdings) Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Old Thorns Golf Hotel and Country Estate, Longmoor Road, Liphook, Hampshire, United Kingdom, GU30 7PE.

The group consists of Old Thorns Golf Hotel And Country Estate (Holdings) 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.

This 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:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- 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' – Carrying amounts, 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 33 'Related Party Disclosures' – Compensation for key management personnel.

OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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 Old Thorns Golf Hotel And Country Estate (Holdings) 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 31 March 2022. 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

These financial statements are prepared on a going concern basis. The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future.

Old Thorns continued on its road to recovery as it emerged from the COVID-19 crisis with government restrictions lifted, assisted by steps put in place by the Directors to drive revenue growth and reduce costs. The hotel saw revenue increase to closer to pre pandemic levels as a result of increased levels of occupancy with social distancing restrictions removed. With staycations remaining popular due to COVID-19 restrictions still in place overseas, the business had another high performing summer. We believe the hotel is well placed to continue its recovery to pre pandemic levels. In addition, in respect of the group's net liabilities position of £3.5m (2021: £3.5m), the group has received confirmation from its director that they will not demand repayment of the other loans of £10.7m loans as disclosed in note 17, to the extent that this would prejudice the ability of the group to continue to meet its liabilities as they fall due.

OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 Tangible fixed assets

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

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

| | |
|-----------------------------|-----------------------------|
| Freehold land and buildings | 10 - 50 years straight line |
| Plant and equipment | 5 - 7 years straight line |
| Fixtures and fittings | 5 years straight line |
| Motor vehicles | 5 years straight line |

Freehold land and assets in the course of construction are not depreciated.

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

OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.7 Fixed asset investments

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

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

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of fixed 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.9 Stocks

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

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

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

1.10 Cash at bank and in hand

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.

1.11 Financial instruments

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

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

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

Basic financial assets

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

OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

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

OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.12 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.

1.13 Taxation

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

Current tax

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

Deferred tax

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

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

1.14 Employee benefits

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

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

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

1.15 Retirement benefits

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

OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.16 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.17 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.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Turnover and other revenue

| | 2022 £ | 2021 £ |
|---|-------------------|------------------|
| Turnover analysed by class of business | | |
| Hotel operations | 10,268,934 | 2,873,618 |
| | <u>10,268,934</u> | <u>2,873,618</u> |
| | 2022 £ | 2021 £ |
| Turnover analysed by geographical market | | |
| United Kingdom | 10,268,934 | 2,873,618 |
| | <u>10,268,934</u> | <u>2,873,618</u> |
| | 2022 £ | 2021 £ |
| Other significant revenue | | |
| Interest income | 61,728 | 56,013 |
| Grants received | 297,125 | 2,000,762 |
| | <u>358,853</u> | <u>2,056,775</u> |

OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

3 Operating profit/(loss)

| | 2022 £ | 2021 £ |
|--|-------------------|-------------------|
| Operating profit/(loss) for the year is stated after charging/(crediting): | | |
| Exchange (gains)/losses | - | 13 |
| Government grants | (297,125) | (2,000,762) |
| Depreciation of owned tangible fixed assets | 1,241,277 | 1,424,435 |
| Profit on disposal of tangible fixed assets | (10,200) | (630,936) |
| | <u> </u> | <u> </u> |

4 Auditor's remuneration

| | 2022 £ | 2021 £ |
|---|---------------|---------------|
| Fees payable to the company's auditor and associates: | | |
| For audit services | | |
| Audit of the financial statements of the group and company | 5,599 | 5,100 |
| Audit of the financial statements of the company's subsidiaries | 19,250 | 30,487 |
| | <u>24,849</u> | <u>35,587</u> |

5 Employees

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

| | Group 2022 Number | 2021 Number | Company 2022 Number | 2021 Number |
|-----------------------------------|-------------------------|----------------|---------------------------|----------------|
| Hotel and estate management staff | <u>196</u> | <u>186</u> | <u>-</u> | <u>-</u> |

Their aggregate remuneration comprised:

| | Group 2022 £ | 2021 £ | Company 2022 £ | 2021 £ |
|-----------------------|--------------------|------------------|----------------------|-----------|
| Wages and salaries | 4,209,276 | 3,891,902 | - | - |
| Social security costs | 361,672 | 323,205 | - | - |
| Pension costs | 140,663 | 142,222 | - | - |
| | <u>4,711,611</u> | <u>4,357,329</u> | <u>-</u> | <u>-</u> |

OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

6 Interest receivable and similar income

| | 2022 | 2021 |
|------------------------------|---------------|---------------|
| | £ | £ |
| Interest income | | |
| Interest on bank deposits | - | 378 |
| Interest receivable on loans | 61,728 | 55,635 |
| | <u>61,728</u> | <u>55,635</u> |
| Total income | <u>61,728</u> | <u>56,013</u> |

7 Interest payable and similar expenses

| | 2022 | 2021 |
|--|----------------|----------------|
| | £ | £ |
| Interest on bank overdrafts and loans | 602,059 | 614,575 |
| Dividends on redeemable preference shares not classified as equity | 23,250 | 23,250 |
| Other interest on financial liabilities | 244,236 | 244,256 |
| | <u>869,545</u> | <u>882,081</u> |
| Total finance costs | <u>869,545</u> | <u>882,081</u> |

8 Taxation

| | 2022 | 2021 |
|--|-------------|----------------|
| | £ | £ |
| Deferred tax | | |
| Origination and reversal of timing differences | - | 390,487 |
| | <u>-</u> | <u>390,487</u> |

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

| | 2022 | 2021 |
|--|------------------|--------------------|
| | £ | £ |
| Loss before taxation | <u>(23,518)</u> | <u>(2,581,295)</u> |
| Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%) | (4,468) | (490,446) |
| Tax effect of expenses that are not deductible in determining taxable profit | 8,488 | 9,624 |
| Change in unrecognised deferred tax assets | - | 87 |
| Adjustments in respect of non-qualifying assets | 136,054 | 46,585 |
| Losses and other deductions | <u>(140,074)</u> | <u>824,637</u> |
| Taxation charge | <u>-</u> | <u>390,487</u> |

OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

9 Intangible fixed assets

| Group | Goodwill £ |
|------------------------------------|-----------------------|
| Cost | |
| At 1 April 2021 and 31 March 2022 | 1,642,195 |
| | <hr/> |
| Amortisation and impairment | |
| At 1 April 2021 and 31 March 2022 | 1,642,195 |
| | <hr/> |
| Carrying amount | |
| At 31 March 2022 | - |
| | <hr/> <hr/> |
| At 31 March 2021 | - |
| | <hr/> <hr/> |

The company had no intangible fixed assets at 31 March 2022 or 31 March 2021.

OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

10 Tangible fixed assets

| Group | Freehold land and buildings | Assets under construction | Plant and equipment | Fixtures and fittings | Motor vehicles | Total |
|------------------------------------|-----------------------------|---------------------------|---------------------|-----------------------|----------------|------------|
| | £ | £ | £ | £ | £ | £ |
| Cost | | | | | | |
| At 1 April 2021 | 27,613,687 | 316,852 | 3,574,450 | 3,419,102 | 116,320 | 35,040,411 |
| Additions | 31,693 | - | 195,526 | 219,452 | - | 446,671 |
| Disposals | - | - | (223,692) | (3,478) | - | (227,170) |
| At 31 March 2022 | 27,645,380 | 316,852 | 3,546,284 | 3,635,076 | 116,320 | 35,259,912 |
| Depreciation and impairment | | | | | | |
| At 1 April 2021 | 7,824,681 | - | 2,951,548 | 3,191,729 | 84,576 | 14,052,534 |
| Depreciation charged in the year | 833,887 | - | 273,062 | 125,452 | 8,876 | 1,241,277 |
| Eliminated in respect of disposals | - | - | (223,692) | (29) | - | (223,721) |
| At 31 March 2022 | 8,658,568 | - | 3,000,918 | 3,317,152 | 93,452 | 15,070,090 |
| Carrying amount | | | | | | |
| At 31 March 2022 | 18,986,812 | 316,852 | 545,366 | 317,924 | 22,868 | 20,189,822 |
| At 31 March 2021 | 19,788,994 | 316,852 | 628,514 | 227,402 | 31,745 | 20,993,507 |

The company had no tangible fixed assets at 31 March 2022 or 31 March 2021.

OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

11 Fixed asset investments

| | Notes | Group 2022 £ | 2021 £ | Company 2022 £ | 2021 £ |
|-----------------------------|-------|--------------------|-----------|----------------------|-----------|
| Investments in subsidiaries | 12 | - | - | 6,196,144 | 6,196,144 |

**Movements in fixed asset investments
Company**

| | Shares in subsidiaries £ |
|-----------------------------------|--------------------------------|
| Cost or valuation | |
| At 1 April 2021 and 31 March 2022 | 6,196,144 |
| Carrying amount | |
| At 31 March 2022 | 6,196,144 |
| At 31 March 2021 | 6,196,144 |

12 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 are as follows:

| Name of undertaking | Registered office | Nature of business | Class of shares held | % Held Direct |
|---|----------------------|--------------------|-------------------------|------------------|
| Old Thorns Golf Hotel and Country Estate Limited | United Kingdom | Hotel operations | Ordinary shares | 100.00 |

13 Stocks

| | Group 2022 £ | 2021 £ | Company 2022 £ | 2021 £ |
|-------------------------------------|--------------------|-----------|----------------------|-----------|
| Raw materials and consumables | 57,590 | 70,319 | - | - |
| Finished goods and goods for resale | 116,408 | 106,905 | - | - |
| | 173,998 | 177,224 | - | - |

OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

14 Debtors

| | Group 2022 | 2021 | Company 2022 | 2021 |
|---|-------------------|-------------------|-----------------|----------|
| | £ | £ | £ | £ |
| Amounts falling due within one year: | | | | |
| Trade debtors | 167,341 | (9,167) | - | - |
| Amounts owed by group undertakings | 11,869,999 | 12,034,282 | - | - |
| Other debtors | 2,324,121 | 2,452,661 | - | - |
| Prepayments and accrued income | 118,027 | 87,987 | - | - |
| | <u>14,479,488</u> | <u>14,565,763</u> | <u>-</u> | <u>-</u> |

15 Creditors: amounts falling due within one year

| | | Group 2022 | 2021 | Company 2022 | 2021 |
|------------------------------------|-------|------------------|------------------|------------------|------------------|
| | Notes | £ | £ | £ | £ |
| Bank loans | 17 | 631,500 | - | - | - |
| Other borrowings | 17 | 2,911,312 | 2,911,312 | 2,911,312 | 2,911,312 |
| Trade creditors | | 544,007 | 205,106 | - | - |
| Amounts owed to group undertakings | | - | - | 1,467,814 | 1,457,115 |
| Other taxation and social security | | 316,912 | 412,576 | - | - |
| Other creditors | | 2,158,149 | 1,861,010 | - | - |
| Accruals and deferred income | | 1,071,466 | 770,701 | 325,266 | 307,116 |
| | | <u>7,633,346</u> | <u>6,160,705</u> | <u>4,704,392</u> | <u>4,675,543</u> |

16 Creditors: amounts falling due after more than one year

| | | Group 2022 | 2021 | Company 2022 | 2021 |
|---------------------------|-------|-------------------|-------------------|------------------|------------------|
| | Notes | £ | £ | £ | £ |
| Bank loans and overdrafts | 17 | 20,328,500 | 20,960,000 | - | - |
| Other borrowings | 17 | 12,712,430 | 12,712,430 | 1,950,000 | 1,950,000 |
| Other creditors | | 99,025 | 157,357 | - | - |
| | | <u>33,139,955</u> | <u>33,829,787</u> | <u>1,950,000</u> | <u>1,950,000</u> |

OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

17 Loans and overdrafts

| | Group | | Company | |
|-------------------------------|-------------------|-------------------|------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | £ | £ | £ | £ |
| Bank loans | 20,960,000 | 20,960,000 | - | - |
| Preference shares | 4,650,000 | 4,650,000 | 4,650,000 | 4,650,000 |
| Loans from group undertakings | 211,312 | 211,312 | 211,312 | 211,312 |
| Other loans | 10,762,430 | 10,762,430 | - | - |
| | <u>36,583,742</u> | <u>36,583,742</u> | <u>4,861,312</u> | <u>4,861,312</u> |
| Payable within one year | 3,542,812 | 2,911,312 | 2,911,312 | 2,911,312 |
| Payable after one year | <u>33,040,930</u> | <u>33,672,430</u> | <u>1,950,000</u> | <u>1,950,000</u> |

The loans are secured by fixed and floating charges by a debenture and first legal charge over the freehold property and all assets owned by the company together. Bank loans comprise of a loan of £20,960,000 (2021: £20,960,000) with a maturity date of June 2024 at a rate of 3.05% over SONIA.

The preference shares consist of 2,700,000 Preference shares of £1 each and 1,950,000 'B' Preference shares of £1 each. The Preference shares attract interest at 0.5% and are redeemable at any time by the holder giving notice of redemption to the company. The 'B' Preference shares accrue interest of 0.5% but have no rights to redemption. Neither class of preference shares carry any voting rights.

The other loans are unsecured and comprise loan notes of £10,762,430 (2021: £10,762,430) with interest charged at a rate of 1.5%.

The directors consider that the carrying amount of the bank loans approximate their fair value.

18 Retirement benefit schemes

| | 2022 | 2021 |
|---|----------------|----------------|
| | £ | £ |
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | <u>140,663</u> | <u>142,222</u> |

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

OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2022****19 Share capital**

| Group and company | 2022 | 2021 | 2022 | 2021 |
|----------------------------|--------|--------|--------|--------|
| Ordinary share capital | Number | Number | £ | £ |
| Issued and fully paid | | | | |
| Ordinary Shares of £1 each | 10,000 | 10,000 | 10,000 | 10,000 |

20 Financial commitments, guarantees and contingent liabilities

The Company has provided a cross guarantee in respect of the bank borrowings of its subsidiaries. As at 31 March 2022, the borrowings covered by this guarantee amounted to £20,960,000 (2021: £20,960,000).

21 Related party transactions**Remuneration of key management personnel**

The remuneration of key management personnel is as follows.

| | 2022 | 2021 |
|------------------------|---------|---------|
| | £ | £ |
| Aggregate compensation | 558,661 | 503,370 |

Transactions with related parties

During the year management fees totalling £87,235 (2021: £128,725) were charged to companies under common control of the ultimate controlling party.

At the year end the company was owed £1,624,781 (2021: £2,217,725) from companies under the control of the ultimate controlling party and the company owed £1,029,755 (2021: £1,065,000) to companies under the control of the ultimate controlling party

Included within long term loans is a balance of £10,762,430 (2021: £10,762,430), which is due to one of the directors who served in the year. Interest of £161,436 (2021: £161,449) was payable on the loan for the year.

22 Controlling party

At the year end the ultimate parent company is Tech Union Limited, a company registered in the British Virgin Islands,

The ultimate controlling party are the executors of Mr Z Zhang's estate.

OLD THORNS GOLF HOTEL AND COUNTRY ESTATE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

23 Cash generated from group operations

| | 2022 | 2021 |
|--|------------------|----------------|
| | £ | £ |
| Loss for the year after tax | (23,518) | (2,971,782) |
| Adjustments for: | | |
| Taxation charged | - | 390,487 |
| Finance costs | 869,545 | 882,081 |
| Investment income | (61,728) | (56,013) |
| Gain on disposal of tangible fixed assets | (10,200) | (630,936) |
| Depreciation and impairment of tangible fixed assets | 1,241,277 | 1,424,435 |
| Movements in working capital: | | |
| Decrease in stocks | 3,226 | 17,496 |
| Decrease in debtors | 91,905 | 919,680 |
| Increase in creditors | 782,809 | 605,553 |
| Cash generated from operations | 2,893,316 | 581,001 |

24 Analysis of changes in net debt - group

| | 1 April 2021 | Cash flows | 31 March 2022 |
|---------------------------------|---------------------|-------------------|----------------------|
| | £ | £ | £ |
| Cash at bank and in hand | 777,700 | 1,652,477 | 2,430,177 |
| Borrowings excluding overdrafts | (36,583,742) | - | (36,583,742) |
| | <u>(35,806,042)</u> | <u>1,652,477</u> | <u>(34,153,565)</u> |