

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
FOR
DRAGONGLASS MILTON KEYNES LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2022**

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DRAGONGLASS MILTON KEYNES LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022

DIRECTORS:

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

REGISTERED OFFICE:

Greenhill House
90/93 Cowcross Street
London
EC1M 6BF

REGISTERED NUMBER:

06398416 (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 Delta Marriott franchise.

REVIEW OF BUSINESS

The results for the year show revenues generated of £4,513,511 (2021 - £2,688,305) and a resultant profit before tax of £503,078 (2021 - £449,931).

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 parent'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 parent's pre-existing bridging debt, on a five 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 Marriott 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

29 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
J P 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

29 September 2023

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF DRAGONGLASS MILTON KEYNES LIMITED

Opinion

We have audited the financial statements of Dragonglass Milton Keynes 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 profit 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 DRAGONGLASS MILTON KEYNES 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 Delta Marriott 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
DRAGONGLASS MILTON KEYNES 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

29 September 2023

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

	Notes	2022 £	2021 £
TURNOVER		4,513,511	2,688,305
Cost of sales		<u>2,256,289</u>	<u>1,299,896</u>
GROSS PROFIT		2,257,222	1,388,409
Administrative expenses		<u>1,095,433</u>	<u>727,163</u>
		1,161,789	661,246
Other operating income		<u>-</u>	<u>57,299</u>
OPERATING PROFIT	4	1,161,789	718,545
Interest payable and similar expenses	6	<u>658,711</u>	<u>268,614</u>
PROFIT BEFORE TAXATION		503,078	449,931
Tax on profit	7	<u>230,990</u>	<u>18,030</u>
PROFIT FOR THE FINANCIAL YEAR		<u>272,088</u>	<u>431,901</u>

The notes form part of these financial statements

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
PROFIT FOR THE YEAR		272,088	431,901
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>272,088</u>	<u>431,901</u>

BALANCE SHEET
31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
FIXED ASSETS					
Intangible assets	8		2,964,032		3,232,247
Tangible assets	9		<u>10,806,949</u>		<u>10,968,154</u>
			13,770,981		14,200,401
CURRENT ASSETS					
Stocks	10	6,000		3,250	
Debtors	11	12,250,868		2,833,245	
Cash at bank and in hand		<u>108,431</u>		<u>393</u>	
		12,365,299		2,836,888	
CREDITORS					
Amounts falling due within one year	12	<u>4,404,851</u>		<u>1,185,409</u>	
NET CURRENT ASSETS			<u>7,960,448</u>		<u>1,651,479</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			21,731,429		15,851,880
CREDITORS					
Amounts falling due after more than one year	13		(16,612,307)		(11,235,836)
PROVISIONS FOR LIABILITIES	17		<u>(249,020)</u>		<u>(18,030)</u>
NET ASSETS			<u>4,870,102</u>		<u>4,598,014</u>
CAPITAL AND RESERVES					
Called up share capital	18		100		100
Retained earnings	19		<u>4,870,002</u>		<u>4,597,914</u>
SHAREHOLDERS' FUNDS			<u>4,870,102</u>		<u>4,598,014</u>

The financial statements were approved by the Board of Directors and authorised for issue on 29 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	100	4,166,013	4,166,113
Changes in equity			
Total comprehensive income	-	431,901	431,901
Balance at 31 December 2021	100	4,597,914	4,598,014
Changes in equity			
Total comprehensive income	-	272,088	272,088
Balance at 31 December 2022	100	4,870,002	4,870,102

The notes form part of these financial statements

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

1. STATUTORY INFORMATION

Dragonglass Milton Keynes 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 Milton Keynes, Buckinghamshire.

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

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

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.

Amortisation policy - over a period of 175 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
Fixtures, fittings and equipment	- 33% on cost and 20% on cost

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

2. **ACCOUNTING POLICIES - continued**

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

3. **EMPLOYEES AND DIRECTORS**

	2022 £	2021 £
Wages and salaries	1,070,778	572,962
Social security costs	72,481	45,874
Other pension costs	40,383	28,070
	<u>1,183,642</u>	<u>646,906</u>

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

	2022	2021
Hotel staff	51	34
Directors	<u>5</u>	<u>5</u>
	<u>56</u>	<u>39</u>

	2022 £	2021 £
Directors' remuneration	<u>-</u>	<u>-</u>

4. **OPERATING PROFIT**

The operating profit is stated after charging:

	2022 £	2021 £
Hire of plant and machinery	46,019	28,325
Depreciation - owned assets	167,574	176,960
Depreciation - assets on finance leases	61,715	61,714
Other intangibles amortisation	<u>18,215</u>	<u>18,764</u>

5. **AUDITORS' REMUNERATION**

	2022 £	2021 £
Fees payable to the company's auditors for the audit of the company's financial statements	11,500	10,500
Auditors' remuneration for non audit work	<u>163</u>	<u>1,078</u>

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

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Loan interest payable	86,150	-
Leasing interest	266,900	265,058
Other interest	5,661	3,556
Irrecoverable loans provision	300,000	-
	<u>658,711</u>	<u>268,614</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2022	2021
	£	£
Deferred tax	230,990	18,030
Tax on profit	<u>230,990</u>	<u>18,030</u>

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
	£	£
Profit before tax	<u>503,078</u>	<u>449,931</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	95,585	85,487
Effects of:		
Expenses not deductible for tax purposes	1,076	676
Depreciation in excess of capital allowances	19,386	10,877
Losses utilised	<u>114,943</u>	<u>(79,010)</u>
Total tax charge	<u>230,990</u>	<u>18,030</u>

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

8. INTANGIBLE FIXED ASSETS

	Other intangibles £
COST	
At 1 January 2022	3,283,850
Additions	(250,000)
At 31 December 2022	<u>3,033,850</u>
AMORTISATION	
At 1 January 2022	51,603
Amortisation for year	18,215
At 31 December 2022	<u>69,818</u>
NET BOOK VALUE	
At 31 December 2022	<u>2,964,032</u>
At 31 December 2021	<u>3,232,247</u>

9. TANGIBLE FIXED ASSETS

	Long leasehold £	Fixtures, fittings and equipment £	Totals £
COST			
At 1 January 2022	10,800,000	750,093	11,550,093
Additions	-	68,084	68,084
At 31 December 2022	<u>10,800,000</u>	<u>818,177</u>	<u>11,618,177</u>
DEPRECIATION			
At 1 January 2022	169,714	412,225	581,939
Charge for year	61,715	167,574	229,289
At 31 December 2022	<u>231,429</u>	<u>579,799</u>	<u>811,228</u>
NET BOOK VALUE			
At 31 December 2022	<u>10,568,571</u>	<u>238,378</u>	<u>10,806,949</u>
At 31 December 2021	<u>10,630,286</u>	<u>337,868</u>	<u>10,968,154</u>

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

On 8 April 2019 the company entered into agreement to sell and then leaseback the property from which it trades, over a period of 175 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.

The disposal event created an accounting loss which has been recognised as an intangible fixed asset (above) and is being written down over the same period as the property.

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

9. **TANGIBLE FIXED ASSETS - continued**

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>10,800,000</u>
DEPRECIATION	
At 1 January 2022	169,714
Charge for year	<u>61,715</u>
At 31 December 2022	<u>231,429</u>
NET BOOK VALUE	
At 31 December 2022	<u>10,568,571</u>
At 31 December 2021	<u>10,630,286</u>

10. **STOCKS**

	2022 £	2021 £
Stocks	<u>6,000</u>	<u>3,250</u>

11. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022 £	2021 £
Trade debtors	200,335	273,265
Amounts owed by group undertakings	9,730,111	2,468,228
Other debtors	1,999,048	57,570
Prepayments and accrued income	<u>321,374</u>	<u>34,182</u>
	<u>12,250,868</u>	<u>2,833,245</u>

Although there are no formal terms deferring repayment, the majority of the above balances shown under group undertakings and other debtors are unlikely to be recovered within the next twelve months.

12. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022 £	2021 £
Bank loans and overdrafts (see note 14)	80,385	73,438
Trade creditors	491,519	310,932
Social security and other taxes	134,670	193,309
VAT	738,593	44,324
Other creditors	2,842,487	383,776
Accrued expenses	<u>117,197</u>	<u>179,630</u>
	<u>4,404,851</u>	<u>1,185,409</u>

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

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

During the year the company secured a substantial ongoing contract with the primary amounts paid upfront. As income is recognised as services are delivered, the majority of this balance has been deferred and hence the substantial other creditors figure above. A proportion of that advance was deposited with an associated company, to segregate them from the business' day to day operational funds - hence the larger intercompany debt (above) and disproportionately low closing cash reserves.

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

	2022 £	2021 £
Bank loans (see note 14)	5,500,000	-
Finance leases (see note 15)	11,112,307	11,235,836
	<u>16,612,307</u>	<u>11,235,836</u>

14. 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	73,438
Bank loans	80,375	-
	<u>80,385</u>	<u>73,438</u>
Amounts falling due between two and five years:		
Bank loans	<u>5,500,000</u>	<u>-</u>

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

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Finance leases	
	2022	2021
	£	£
Gross obligations repayable:		
Within one year	263,965	267,329
Between one and five years	1,078,472	1,093,169
In more than five years	75,367,012	85,861,094
	<u>76,709,449</u>	<u>87,221,592</u>
Finance charges repayable:		
Within one year	263,965	267,329
Between one and five years	1,078,472	1,093,169
In more than five years	64,254,705	74,625,258
	<u>65,597,142</u>	<u>75,985,756</u>
Net obligations repayable:		
In more than five years	<u>11,112,307</u>	<u>11,235,836</u>
	Non-cancellable	operating
	2022	2021
	£	£
Within one year	<u>-</u>	<u>37,413</u>

On 8 April 2019 the company entered into an agreement to lease the property from which it trades for a period of 175 years. This transaction amounts to a finance lease and has been recognised accordingly. The company is liable for an annual rent of £168,210, 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**

16. SECURED DEBTS

The following secured debts are included within creditors:

	2022	2021
	£	£
Bank overdrafts	10	73,438
Bank loans	5,580,375	-
Finance leases	11,112,307	11,235,836
	<u>16,692,692</u>	<u>11,309,274</u>

The company's bank loans are secured by fixed and floating charge over the company's property and equipment and all assets. The company has also deposited £84,565 in a segregated account (included within cash in hand) over which the bank has a charge.

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

The bank overdrafts are secured by a guarantee from Khanna Enterprises (Kenilworth) 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 £130,400 (2021 - £196,607).

17. PROVISIONS FOR LIABILITIES

	2022	2021
	£	£
Deferred tax	<u>249,020</u>	<u>18,030</u>
		Deferred tax
		£
Balance at 1 January 2022		18,030
Accelerated capital allowances		50,320
Losses restricted		(145,660)
Pension creditor movement		(226)
Trading losses utilised		<u>326,556</u>
Balance at 31 December 2022		<u>249,020</u>

Deferred tax provisions represent the timing differences arising on accelerated capital allowances, less the effects of the company's cumulative tax losses carried forward.

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2022	2021
Number:	Class:	Nominal value:	£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

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

19. **RESERVES**

	Retained earnings £
At 1 January 2022	4,597,914
Profit for the year	<u>272,088</u>
At 31 December 2022	<u>4,870,002</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 £40,383 (2021 - £28,070). There was a contribution of £4,020 outstanding at the balance sheet date (2021 - £2,831).

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 course of the year, the company incurred management costs totalling £102,817 (2021 - £53,133) to BGAM Limited.

In aggregate at the balance sheet date, the company was owed £1,734,803 from these associated companies (2021 - £310,777 owed to associated companies).

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

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.