

COMPANY REGISTRATION NUMBER: 7547065

Sheffield Park Hotel Property Limited

Filleted Financial Statements

31 March 2023

Sheffield Park Hotel Property Limited

Financial Statements

Year ended 31 March 2023

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Sheffield Park Hotel Property Limited

Officers and Professional Advisers

The board of directors

Mr G J Davies

Mr G Dyke

Mr N Burgin

Registered office

C/O Director of Finance

Mosborough Hall Hotel

High Street

Mosborough

Sheffield

S20 5EA

Auditor

Hebblethwaites

Chartered Accountants & Statutory Auditors

2 Westbrook Court

Sharrow Vale Road

Sheffield

S11 8YZ

Sheffield Park Hotel Property Limited

Statement of Financial Position

31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	4	6,550,000	6,550,000
Investments	5	1	1
		<u>6,550,001</u>	<u>6,550,001</u>
Current assets			
Debtors: due within one year	6	669,019	741,948
Debtors: due after more than one year	6	1,420,439	1,428,943
Cash at bank and in hand		29,810	33,687
		<u>2,119,268</u>	<u>2,204,578</u>
Creditors: amounts falling due within one year	7	4,475,996	4,332,901
Net current liabilities		<u>2,356,728</u>	<u>2,128,323</u>
Total assets less current liabilities		<u>4,193,273</u>	<u>4,421,678</u>
Creditors: amounts falling due after more than one year	8	3,834,715	3,857,683
Net assets		<u>358,558</u>	<u>563,995</u>
Capital and reserves			
Called up share capital		304,251	304,251
Non-distributable revaluation reserve		666,549	666,549
Profit and loss account		612,242	406,805
Shareholders funds		<u>358,558</u>	<u>563,995</u>

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the statement of comprehensive income has not been delivered.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements were approved by the board of directors and authorised for issue on 27 March 2024 , and are signed on behalf of the board by:

Mr G J Davies

Director

Company registration number: 7547065

Sheffield Park Hotel Property Limited

Notes to the Financial Statements

Year ended 31 March 2023

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is C/O Director of Finance, Mosborough Hall Hotel, High Street, Mosborough, Sheffield, S20 5EA.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

Management have determined that a material uncertainty exists that may cast doubt on the company's ability to continue as a going concern. Given the then market conditions, a valuation of the company property was undertaken in March 2022 which resulted in a reduction in the value of the long leasehold property assets in the prior year. The nature of the company assets is such that the valuation is very much structured around the earning capacity of those assets which itself has been significantly impacted by the effect of world events and macro-economic factors which have significantly affected the financial results recorded during this difficult period. As a result of this reduction in value, there has been a technical breach of a 'loan to value' financial covenant applicable to the long term debt secured against the property. Management are currently in the process of negotiating variations to the terms of the loan, but as at the date of approval of these financial statements, a definitive conclusion has not yet been determined, albeit the loan funder remains very supportive. As a result of the technical breach in loan covenant, management have determined that the long term portion of the debt be presented as a current liability and although the entity is still considered to be a going concern, a material uncertainty inevitably exists.

Consolidation

The entity has taken advantage of the exemption from preparing consolidated financial statements contained in Section 400 of the Companies Act 2006 on the basis that it is a subsidiary undertaking and its immediate parent undertaking is established under the law of an EEA State.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the opinion of management, there are no areas of judgement or key sources of estimation uncertainty that have a significant effect on the financial statements.

Revenue recognition

The turnover shown in the profit and loss account represents amounts invoiced during the year, by way of rent charges, net of VAT.

Deferred tax

Deferred tax is not provided on property sold subject to a sale and leaseback arrangement. The long length of the lease connected to the property and the associated discount effect would mean any deferred tax charge would be trivial.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Investment property

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure. Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss. If a reliable measure of fair value is no longer available without undue cost or effort for an item of investment property, it shall be transferred to tangible assets and treated as such until it is expected that fair value will be reliably measurable on an on-going basis.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets. For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset. Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument. Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Debt instruments are subsequently measured at amortised cost.

4. Tangible assets

	Long leasehold investment property £
Cost	
At 1 April 2022 and 31 March 2023	6,550,000

Depreciation	
At 1 April 2022 and 31 March 2023	—

Carrying amount	
At 31 March 2023	6,550,000

At 31 March 2022	6,550,000

Investment properties are included at their fair value and are not depreciated.

The leasehold investment property comprises hotel property, being the land, buildings and integral fixtures and fittings contained therein. The company property was freehold until March 2016 when the company disposed of the freehold and entered a sale and leaseback arrangement. Further funds under the sale and leaseback arrangement were advanced to the company during the year ended 31 March 2018. During the prior year and in support of the ongoing financial facilities provided to the company, the directors obtained a formal valuation with the sale and leaseback arrangement in place and have used this as the basis for arriving at the fair value now being carried in the accounts, this resulting in a reversal of an element of the previous upward revaluation. The directors consider this value to be very prudent, having been undertaken during the period of impact of the pandemic, but have adopted the professional value as determined in the prior year financial statements and retained at this value in the accounts for the year ended 31 March 2023. Deferred tax is not provided on property sold subject to a sale and leaseback arrangement. The long length of the lease connected to the property and the associated discount effect would mean any deferred tax charge would be trivial.

Tangible assets held at valuation

In respect of tangible assets held at valuation, the aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

		Long leasehold investment property £
At 31 March 2023		
Aggregate cost		5,883,451
Aggregate depreciation		—

Carrying value		5,883,451

At 31 March 2022		
Aggregate cost	5,883,451	
Aggregate depreciation	—	

Carrying value	5,883,451	

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

		Long leasehold investment property £
At 31 March 2023		6,550,000

At 31 March 2022		6,550,000

5. Investments

	Shares in group undertakings £
Cost	
At 1 April 2022 and 31 March 2023	1

Impairment	
At 1 April 2022 and 31 March 2023	—

Carrying amount	
At 31 March 2023	1

At 31 March 2022	1

6. Debtors

Debtors falling due within one year are as follows:

	2023 £	2022 £
Amounts owed by group undertakings and undertakings in which the company has a participating interest	581,952	639,339
Other debtors	87,067	102,609
	-----	-----
	669,019	741,948
	-----	-----

Debtors falling due after one year are as follows:

	2023 £	2022 £
Other debtors	1,420,439	1,428,943
	-----	-----

Other debtors includes a figure of £1,428,943 (2022: £1,437,447) relating to the loss on disposal of a freehold property in March 2016. The property in question had a book cost of £3,868,243 and was sold for £2,380,000 as part of a sale and leaseback arrangement. Sale and leaseback accounting treatment requires the loss on disposal to be taken to the balance sheet as a debtor and this will be amortised at a rate of £8,504 per annum for 175 years. The figure of £1,420,439 (2022: £1,428,943) shown as debtors due after more than one year relates entirely to this transaction.

7. Creditors: amounts falling due within one year

	2023 £	2022 £
Bank loans and overdrafts	3,302,274	3,485,774
Amounts owed to group undertakings and undertakings in which the company has a participating interest	299,382	62,785
Social security and other taxes	—	2
Other creditors	874,340	784,340
	-----	-----
	4,475,996	4,332,901
	-----	-----

The bank loan is secured upon all assets of the company and also by a debenture from each of (i) Vine Hotels Limited and (ii) Vine Kenwood Limited over all of their assets and undertakings. There is also a cross guarantee from the following companies in respect of the obligations of Sheffield Park Hotel Property Limited : Vine Hotels Limited Sheffield Park Hotel Limited Dolphin Hotel (Hampshire) Limited Dolphin Hotel Property Limited Vine Kenwood Limited Kenwood Hotel Property Limited Venice Regal Sheffield Limited Cresta Court Hotel Holdings Limited Cresta Court Hotel Property Limited Harrop Hotels Limited In addition, there is an intercreditor deed between Santander Bank, each obligor above, Greg Dyke, Susan Howes and Garin Davies.

8. Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Other creditors	3,834,715	3,857,683

The bank loan is for a term of three years, from February 2021, with minimum quarterly capital repayments of £45,875 per quarter. Interest is payable at Base plus 3.5% per annum. With reference to note 3 to the accounts and the going concern position, the whole of this loan is now included as a liability falling due within one year of the accounting reference date. Other creditors relates to monies received by the company as part of the freehold property sale and leaseback agreement. The amount advanced to the company in March 2016 in respect of this was £2,380,000 and a lease for 175 years was entered into for an initial rent of £115,000 per annum; this sum will increase by RPI each year. A further sum of £1,630,000 was received under this arrangement during the year to 31 March 2018. Sale and leaseback accounting treatment requires the sums received for the sale and leaseback of the property to be taken to the balance sheet as a creditor and payments of the lease element to be apportioned between capital repayments and interest over the term of the lease. The element repayable over five years from the balance sheet date is £3,742,843 (2022: £3,765,811).

9. Financial risk management objectives and policies

The exposure of the company to price risk, credit risk, liquidity risk and cash flow risk is not considered material for the assessment of the assets, liabilities, financial position and income or expenditure of the company.

10. Operating leases

As lessor

The total future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2023	2022
	£	£
Not later than 1 year	—	300,000
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The leasehold property of this company, being the subject of the sale and leaseback arrangement, is subject to a lease to Sheffield Park Hotel Limited, the 100% subsidiary company of Sheffield Park Hotel Property Limited . A formal lease of seven years, in this latter regard, was entered into in March 2016.

11. Summary audit opinion

The auditor's report dated 27 March 2024 was unqualified .

The senior statutory auditor was Andrew Throssell FCA , for and on behalf of Hebblethwaites .

12. Directors' advances, credits and guarantees

The company has entered into a deed of guarantee and indemnity made between two of its directors and the following members of the Vine Hotels Group: Vine Hotels Limited Sheffield Park Hotel Limited Dolphin Hotel Property Limited Dolphin Hotel (Hampshire) Limited The guarantee covers loans totalling £1.495 million (2022: £1.495 million), advanced to the holding company, Vine Hotels Limited, by Mr G Dyke and Mrs S Howes. Up to £1.5m of the loan attracts interest of 10% per annum, with any balance not attracting an interest charge; the loans are secured by a fixed and floating charge over all assets of the group companies.

13. Related party transactions

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102, not to disclose related party transactions with fellow 100% group companies.

14. Controlling party

The ultimate parent company of Sheffield Hotel Property Limited is Vine Hotels Limited, which is ultimately controlled by Mrs S Howes. Vine Hotels Limited has the same registered address as this company and will be preparing consolidated group accounts, which include the accounts of Sheffield Hotel Property Limited and its subsidiary, Sheffield Park Hotel Limited.

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.