

That Bournemouth Big Hotel Limited
Strategic Report, Directors' Report and
Financial Statements
for the Year Ended 31 July 2022

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for the year ended 31 July 2022**

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That Bournemouth Big Hotel Limited

**Company Information
for the year ended 31 July 2022**

Directors:

R S Kelvin CBE
L D Page
S A Brown
P S Tisdale

Registered office:

F4 Beehive Yard
Bath
Somerset
BA1 5BT

Registered number:

08565467 (England and Wales)

Auditors:

Haines Watts
Chartered Accountants and Statutory Auditor
250 Fowler Avenue
Farnborough
Hampshire
GU14 7JP

**Strategic Report
for the year ended 31 July 2022**

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

Review of business

During the year to 31 July 2022 the company saw trading at the hotel into its seventh year. The businesses performed well with good occupancy and daily rates.

The company's day-to-day operations are cash flow positive such that short term liquidity is of limited concern. The directors regularly review the maturity of borrowings and refinancing options are considered to ensure that there is sufficient liquidity within the company.

Financial risks and uncertainty

The company operates in a competitive regional market with other branded competition and there is a risk that competitor actions could have a detrimental impact on it. The company relies on its experienced hotel management service providers, Michels and Taylor Limited, to review the market continually and to develop strategies that are regularly reviewed in line with competitor decisions and actions.

The company is exposed to health and safety risks whilst its employees work, customers stay and others visit the company's properties. The company relies on its experienced hotel management service providers to manage these risks from day-to-day, including the implementation of training, preventative maintenance and reporting regimes. The hotel complies with Hilton Hotels' health and safety brand standards. Health and safety is regularly reviewed with the hotel management services providers.

The hotel is reliant on information technology for their day-to-day operations, so the failure of core systems would significantly disrupt trading and its operations and adversely impact performance. In addition, there is a risk that customer data, including payment card data, could be compromised. The company relies on its experienced hotel management service providers to manage these risks from day-to-day for the hotels, and on Worldpay - an experienced provider of international secure payment services - to manage these risks on its behalf.

Key performance indicators

As the hotel entered its seventh year of trading and performance has been positive with strong hotel revenue and bookings being maintained, cost control becoming more finely tuned, and the hotel maintaining market leadership in its respective segment of the local market.

Risks and uncertainties

The directors believe that the company has recovered from the impact of Covid-19 and is on a sound financial footing. The directors are of the opinion that the hotel remains well placed to prosper in the future.

The financial statements have been prepared on a going concern basis. The directors have reviewed and considered the relevant information including future trading projections and available banking facilities in making that assessment.

On behalf of the board:

S A Brown - Director

11 July 2023

**Directors' Report
for the year ended 31 July 2022**

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

Principal activity

The principal activity of the company continued to be the operation of a hotel.

Dividends

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

Directors

The directors shown below have held office during the whole of the period from 1 August 2021 to the date of this report.

R S Kelvin CBE
L D Page
S A Brown
P S Tisdale

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' 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 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 or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

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

On behalf of the board:

S A Brown - Director

11 July 2023

Independent Auditors' Report to the Members of That Bournemouth Big Hotel Limited

Opinion

We have audited the financial statements of That Bournemouth Big Hotel Limited (the 'company') for the year ended 31 July 2022 which comprise the Statement of 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 July 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.

Emphasis of matter

We draw attention to note 12 to the financial statements which describes the impact to the accounts of the reclassification of fixed assets as well as changes to related depreciation rates. Our opinion is not modified in this respect.

Other information

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

Independent Auditors' Report to the Members of That Bournemouth Big Hotel 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 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, 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, 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 an Auditors' 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.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We discussed with the directors the policies and procedures in place regarding compliance with laws and regulations. We discussed amongst the audit team the identified laws and regulations, and remained alert to any indications of non-compliance.

During the audit we focussed on laws and regulations which could reasonably be expected to give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management.

Independent Auditors' Report to the Members of That Bournemouth Big Hotel Limited

Our procedures in relation to fraud, included but were not limited to: inquires of management whether they have any knowledge of any actual, suspected or alleged fraud, and discussions amongst the audit team regarding risk of fraud such as opportunities for fraudulent manipulation of financial statements. We determined that the principal risks related to posting manual journal entries to manipulate financial performance and management bias through judgements in accounting estimates and challenged the assumptions and judgements made by management in its significant accounting estimates. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud. Our tests included agreeing the financial statement disclosures to underlying supporting documentation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 Auditors' 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 Auditors' 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.

James Maxwell (Senior Statutory Auditor)
for and on behalf of Haines Watts
Chartered Accountants and Statutory Auditor
250 Fowler Avenue
Farnborough
Hampshire
GU14 7JP

11 July 2023

**Statement of Comprehensive
Income
for the year ended 31 July 2022**

		2022	2021
	Notes	£	as restated £
Turnover	4	9,618,029	5,374,963
Cost of sales		(5,260,485)	(2,945,239)
Gross profit		4,357,544	2,429,724
Administrative expenses		(3,177,551)	(2,252,836)
		1,179,993	176,888
Other operating income	5	557,629	1,042,410
Operating profit		1,737,622	1,219,298
Change in fair value of interest rate swap (profit)/loss		431,068	295,796
		2,168,690	1,515,094
Interest payable and similar expenses	8	(688,892)	(675,875)
Profit before taxation	9	1,479,798	839,219
Tax on profit	11	(129,892)	(4,306)
Profit for the financial year		1,349,906	834,913
Other comprehensive income		-	-
Total comprehensive income for the year		1,349,906	834,913
Prior year adjustment			7,532,506
Total comprehensive income since last annual report			8,367,419

Balance Sheet
31 July 2022

			2022	2021
	Notes	£	£	as restated £
Fixed assets				
Intangible assets	13		114,152	135,556
Tangible assets	14		31,839,650	32,390,786
			<u>31,953,802</u>	<u>32,526,342</u>
Current assets				
Stocks	15	80,920	43,259	
Debtors	16	5,316,124	3,517,234	
Cash at bank		<u>727,411</u>	<u>1,352,175</u>	
		6,124,455	4,912,668	
Creditors				
Amounts falling due within one year	17	<u>23,277,791</u>	<u>4,014,378</u>	
Net current (liabilities)/assets			<u>(17,153,336)</u>	<u>898,290</u>
Total assets less current liabilities			<u>14,800,466</u>	<u>33,424,632</u>
Creditors				
Amounts falling due after more than one year	18		<u>14,988,668</u>	<u>34,962,740</u>
Net liabilities			<u>(188,202)</u>	<u>(1,538,108)</u>
Capital and reserves				
Called up share capital	22		1	1
Retained earnings			<u>(188,203)</u>	<u>(1,538,109)</u>
Shareholders' funds			<u>(188,202)</u>	<u>(1,538,108)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 11 July 2023 and were signed on its behalf by:

S A Brown - Director

**Statement of Changes in Equity
for the year ended 31 July 2022**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 August 2020	1	(9,905,528)	(9,905,527)
Prior year adjustment	-	7,532,506	7,532,506
As restated	1	(2,373,022)	(2,373,021)
Changes in equity			
Total comprehensive income	-	834,913	834,913
Balance at 31 July 2021	1	(1,538,109)	(1,538,108)
Changes in equity			
Total comprehensive income	-	1,349,906	1,349,906
Balance at 31 July 2022	1	(188,203)	(188,202)

**Notes to the Financial Statements
for the year ended 31 July 2022**

1. Statutory information

That Bournemouth Big Hotel 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.

2. Accounting policies

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 pound.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Going concern

The directors believe the group has recovered from the impact of Covid. Further, the group enjoys the continued support provided by the bank lender. Further, support has been confirmed by the majority shareholder and director of the Company. This confirmation of support has been made to the ultimate parent company and all subsidiaries and has been given for a period of at least twelve months from approval of these financial statements.

The directors are also of the opinion that carrying value of the group's hotel, car park and residential properties (which are included at depreciated cost) is materially lower than their market value.

Based on the above, the directors have concluded that they can continue to adopt a going concern basis in preparing the company's annual report and accounts. This assessment has been made for a period of twelve months from the date of approving these financial statements.

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 recognised at the fair value of the consideration receivable for services provided in the normal course of business, on the date when the service is provided and is shown net of VAT and trade discounts.

Other income is recognised on receipt.

Intangible assets

Intangible assets acquired are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation 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:

Intangible assets	12 years straight line
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Notes to the Financial Statements - continued
for the year ended 31 July 2022

2. Accounting policies - continued

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Cost includes directly attributable finance costs incurred during the construction of new buildings.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life.

There has been a change in depreciation rates to more accurately reflect the useful life of assets, as well as reclassification of fixed assets between classes. This has been treated as a prior year adjustment and the accounts have therefore been restated to reflect the change retrospectively. See note 12.

	Revised	Original
Land and buildings long leasehold	125 years	125 years
Plant and machinery	15 & 25 years	10 years
Fixtures, fitting and equipment	12 years	7 years
Computer	5 years	n/a

Impairment of fixed assets

At each reporting period end date, the company 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.

Government grants

The accruals model has been adopted in recognising grant income relating to the Coronavirus Job Retention Scheme (CJRS). Grant income has been recognised in the same period in which the expense has been incurred and included in other operating income.

Stocks

Stocks, which consist of food and beverages, are stated at the lower of cost and estimated selling price. Liquor stock is valued by an independent third party.

Cash in bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand and deposits held at call with banks.

Notes to the Financial Statements - continued
for the year ended 31 July 2022

2. Accounting policies - continued

Financial instruments

The company 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.

Basic financial assets

Basic financial assets, which include debtors, balances due from group companies and cash and bank balances, are initially measured at transaction price including transaction costs. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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.

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 company 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.

Basic financial liabilities

Basic financial liabilities, including creditors and amounts due to fellow group companies, are initially recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

Other financial liabilities

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Interest rate swap fair values at respective year ends are based on independent, qualified valuers information.

Derecognition of financial assets

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

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

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. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Notes to the Financial Statements - continued
for the year ended 31 July 2022

2. Accounting policies - continued

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.

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.

Retirement benefits

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

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.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The items in the financial statements where these judgments and estimates have been made include:

Depreciation

Due to the significance of the depreciation charged in the financial statements, the directors consider this to be a crucial accounting judgement. An assessment is made of the useful economic lives, taking into account residual values, of the tangible assets, based on the directors' knowledge and industry. There are periodic reviews to determine if depreciation rates are still appropriate and whether any impairment is needed.

Management charge

Management recharges are levied by That Topco Limited, a company connected by way of common directorships. The recharge which includes salary and overhead costs is based on management's estimate of the amount of time spend on the affairs of That Bournemouth Big Hotel Limited.

Recoverability of intercompany balances

The company has balances due from related companies connected by common ownership. Management are of the opinion that these balances are fully recoverable and therefore no provision has been made against these balances.

Deferred tax

The company recognises deferred tax asset and liabilities to the extent which it believes the future tax will be recoverable/payable.

Notes to the Financial Statements - continued
for the year ended 31 July 2022

4. **Turnover**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2022	2021 as restated
	£	£
United Kingdom	9,618,029	5,374,963
	<u>9,618,029</u>	<u>5,374,963</u>

5. **Other operating income**

	2022	2021 as restated
	£	£
Insurance income	557,629	597,361
Government grants	-	445,049
	<u>557,629</u>	<u>1,042,410</u>

6. **Employees and directors**

	2022	2021 as restated
	£	£
Wages and salaries	2,279,902	1,550,320
Social security costs	180,335	131,630
Other pension costs	32,306	33,528
	<u>2,492,543</u>	<u>1,715,478</u>

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

	2022	2021 as restated
Human resources	1	1
Finance	4	2
Front of house	13	14
Sales	2	1
Administration	2	2
Operatives	85	92
Directors	4	4
	<u>111</u>	<u>116</u>

7. **Directors' emoluments**

There are no formal service contracts or associated pay with the directors of the company. Directors are employed by That Topco Limited, a company connected by way of common directorships, with their management charge (as referred to in note 3) calculated to include fees for services provided.

8. **Interest payable and similar expenses**

	2022	2021 as restated
	£	£
Bank loan interest	<u>688,892</u>	<u>675,875</u>

Notes to the Financial Statements - continued
for the year ended 31 July 2022

9. **Profit before taxation**

The profit is stated after charging:

	2022	2021 as restated
	£	£
Depreciation - owned assets	767,968	761,141
Other intangibles assets amortisation	<u>21,404</u>	<u>21,404</u>

10. **Auditors' remuneration**

	2022	2021 as restated
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	27,000	24,000
Taxation compliance services	4,940	3,600
Other non- audit services	<u>3,433</u>	<u>-</u>

11. **Taxation**

Analysis of the tax charge

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

	2022	2021 as restated
	£	£
Current tax:		
UK corporation tax	436	-
Deferred tax	129,456	4,306
Tax on profit	<u>129,892</u>	<u>4,306</u>

Reconciliation of total tax charge included in profit and loss

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

	2022	2021 as restated
	£	£
Profit before tax	<u>1,479,798</u>	<u>839,219</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	281,162	159,452
Effects of:		
Income not taxable for tax purposes	(81,903)	(59,023)
Capital allowances in excess of depreciation	(52,567)	(73,403)
Utilisation of tax losses	(146,692)	(27,026)
Adjustments to tax charge in respect of previous periods	436	-
Deferred tax movement	129,456	4,306
Total tax charge	<u>129,892</u>	<u>4,306</u>

Notes to the Financial Statements - continued
for the year ended 31 July 2022

12. **Prior year adjustment**

The accounts have been restated to incorporate the impact of reclassification of fixed assets between land and buildings, plant and machinery and fixtures and fittings as well as changes to related depreciation rates. Refer to note 2 for change in depreciation rates. The related deferred tax has also been adjusted. The change has resulted in a decrease in fixed asset depreciation and increase in profits available for distribution as at 31 July 2021 by £8,988,884 made up of:

Over depreciation brought forward	£7,032,792
Over depreciation FY21	£1,460,684
Deferred tax adjustment brought forward	£499,714
Deferred tax adjustment FY21	(£4,306)
Total impact on shareholder funds and retained earnings FY21	£8,988,884

13. **Intangible fixed assets**

	Other intangibles assets £
Cost	
At 1 August 2021 and 31 July 2022	<u>256,844</u>
Amortisation	
At 1 August 2021	121,288
Amortisation for year	<u>21,404</u>
At 31 July 2022	<u>142,692</u>
Net book value	
At 31 July 2022	<u>114,152</u>
At 31 July 2021	<u>135,556</u>

Intangible assets are in respect of long term insurance cover, in connection with the tangible fixed assets of the company. The asset is accounted for separately as this is considered to be a material component.

14. **Tangible fixed assets**

	Long leasehold £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
Cost					
At 1 August 2021	28,508,790	4,722,977	3,212,427	53,873	36,498,067
Additions	83,651	93,715	33,466	6,000	216,832
At 31 July 2022	<u>28,592,441</u>	<u>4,816,692</u>	<u>3,245,893</u>	<u>59,873</u>	<u>36,714,899</u>
Depreciation					
At 1 August 2021	1,275,368	1,395,316	1,393,718	42,879	4,107,281
Charge for year	228,067	258,534	270,592	10,775	767,968
At 31 July 2022	<u>1,503,435</u>	<u>1,653,850</u>	<u>1,664,310</u>	<u>53,654</u>	<u>4,875,249</u>
Net book value					
At 31 July 2022	<u>27,089,006</u>	<u>3,162,842</u>	<u>1,581,583</u>	<u>6,219</u>	<u>31,839,650</u>
At 31 July 2021	<u>27,233,422</u>	<u>3,327,661</u>	<u>1,818,709</u>	<u>10,994</u>	<u>32,390,786</u>

Notes to the Financial Statements - continued
for the year ended 31 July 2022

14. **Tangible fixed assets - continued**

Included within land and buildings are capitalised finance costs of £2,100,787 (2021 - £2,100,787).

15. **Stocks**

	2022	2021 as restated
	£	£
Food and beverage	<u>80,920</u>	<u>43,259</u>

16. **Debtors: amounts falling due within one year**

	2022	2021 as restated
	£	£
Trade debtors	164,670	315,153
Amounts owed by group undertakings	4,564,012	2,493,846
Other debtors	1,701	14,455
Amounts owed from connected companies	76,571	164,815
Deferred tax asset	365,952	495,408
Prepayments and accrued income	143,218	33,557
	<u>5,316,124</u>	<u>3,517,234</u>

The group undertakings have subordinated their intra-group debt to the bank lender and have assigned their intra-group debt as security to the lender. Except for some operational surpluses in excess of periodic debt service payments, it is only once the bank lender has been repaid that any payment can be received in respect of these intra-group debtors.

17. **Creditors: amounts falling due within one year**

	2022	2021 as restated
	£	£
Bank loans and overdrafts (see note 19)	19,898,327	985,500
Trade creditors	496,078	392,849
Amounts owed to group undertakings	165,047	133,128
Social security and other taxes	57,740	199,875
VAT	415,395	524,039
Other creditors	234,945	180,836
Amounts owed to connected companies	1,428,012	1,051,746
Accruals and deferred income	582,247	546,405
	<u>23,277,791</u>	<u>4,014,378</u>

The bank loan is secured as detailed in note 24.

The bank loan interest rate derivative included in bank loans above of £210,733 (2021 £220,335) has been recorded at fair value, based on information from an independent suitably qualified valuer. The total fair value of the bank loan being £19,898,327 (2021: £21,604,335) with £19,898,327 of this falling due within one year. The book value of the related loan is £20,109,061 (2021: £20,952,000).

18. **Creditors: amounts falling due after more than one year**

	2022	2021 as restated
	£	£
Bank loans (see note 19)	-	20,618,834
Amounts owed to group undertakings	14,988,668	14,343,906
	<u>14,988,668</u>	<u>34,962,740</u>

Notes to the Financial Statements - continued
for the year ended 31 July 2022

18. **Creditors: amounts falling due after more than one year - continued**

The bank loan is secured as detailed in note 24.

19. **Loans**

An analysis of the maturity of loans is given below:

	2022 £	2021 as restated £
Amounts falling due within one year or on demand:		
Bank loans	19,898,327	985,500
Amounts falling due between two and five years:		
Bank loans	-	20,618,834

20. **Financial instruments**

	2022 as restated £	2021 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	5,677,583	4,374,001
Carrying amount of financial liabilities		
Measured at amortised cost	37,793,324	38,253,203

21. **Deferred tax**

	£
Balance at 1 August 2021	(495,408)
Charge to Statement of Comprehensive Income during year	129,456
Balance at 31 July 2022	(365,952)

22. **Called up share capital**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022 £	2021 as restated £
100	Ordinary shares	1p	1	1

23. **Pension commitments**

	2022 as restated £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	32,306	33,528

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the year end £8,375 (2021 £nil) was outstanding and included in creditors.

**Notes to the Financial Statements - continued
for the year ended 31 July 2022**

24. Financial commitments, guarantees and contingent liabilities

The bank loans are secured by a debenture dated 4 January 2019 over all leasehold and freehold property and by a fixed and floating charge over the assets of the company.

There is a composite company limited multilateral guarantee dated 4 January 2019 given by That Bournemouth Big Hotel Limited, That Bournemouth Little Hotel Limited, That Bournemouth Car Park Limited, That Bournemouth Street Bar Limited and That Bournemouth H2 Limited. The maximum group exposure is £32,000,000.

25. Related party transactions

The company has taken advantage of the exemption available in FRS 102 whereby it has not disclosed transactions with the parent company or any wholly owned subsidiary undertaking of the group.

A personal guarantee of £3 million has been given, by a director, in respect of the group bank loans.

Included in other debtors due within one year is £76,571 (2021 - £164,815) owed by a related company, by virtue of common directors and being under common control.

Included in other creditors due within one year is £1,428,012 (2021 - £1,051,746) owed to related companies, by virtue of common directors and being under common control.

26. Ultimate controlling party

At the year end, the immediate parent company is That Bournemouth H2 Limited, whose registered office is the same as that of the company. The ultimate parent company, which is also the parent for the largest and smallest group of undertakings for which the group financial statements are drawn up for and of which the company is a member is That Bournemouth Company Limited, a company whose registered office is F4 Beehive Yard, Bath, BA1 5BT.

The ultimate controlling party is R S Kelvin CBE, director and majority shareholder of the ultimate parent company.

Copies of the consolidated financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

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