

Sunderland FC Hotels Limited

Annual Report and Financial Statements

For the period ended 31 December 2022

Company Registration No. 08787108 (England and Wales)

Sunderland FC Hotels Limited

Company Information

Director	J L Feggett
Secretary	J L Feggett
Company number	08787108
Registered office	Hilton Garden Inn Sunderland Vaux Brewery Way Sunderland United Kingdom SR5 1SU
Auditor	Moore Kingston Smith LLP 6th Floor 9 Appold Street London EC2A 2AP

Sunderland FC Hotels Limited

Contents

	Page
Strategic report	1 - 2
Director's report	3 - 4
Independent auditor's report	5 - 8
Statement of comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Notes to the financial statements	12 - 19

Sunderland FC Hotels Limited

Strategic Report

For the period ended 31 December 2022

The director presents the strategic report for the period ended 31 December 2022.

Business review

The company's principal activities during the year continued to be that of hoteliers and restaurateurs. The director considers the performance for the year to be in line with expectations,

In addition to the regular ongoing review of the financial performance of the company and its financial results, the director monitors certain key performance indicators typical to the hospitality sector. These include rooms rates and occupancy levels relative to prior and expected performance and compared to local competition, as well as service quality surveys and guest feedback.

Principal risks and uncertainties

The director considers the principal risks facing the business to be as follows:

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The company mitigates liquidity risk by proactively managing cash generation and its utilisation of long-term debt.

Operational risk is the risk associated with failed internal processes, people and systems, or from external events. The company monitors internal processes and controls and works with its professional advisers in order to reduce the risk that internal and external factors may negatively affect the company's business operationally.

Going concern and COVID-19

Forecasts for 2023 and beyond are prepared on year-to-date actuals and appropriate assumptions on revenues and costs, now that COVID-19 restrictions are lifted and as trading gradually returns to pre-pandemic conditions. At the date of signing these accounts, it is anticipated that the company will return to pre-pandemic levels of trading by end of 2023 and assessments of going concern have been undertaken accordingly.

Funding has been provided by the ultimate parent company in previous years and current forecasts show that the company is self-funding. However additional funding lines are in place from the ultimate parent company to address any adverse scenarios that may occur for the foreseeable future. To this extent the director has ensured that funding lines are agreed and in place to manage and exceed cash requirements of the stress forecasting scenarios.

The business to date has not sought any external funding outside of the group and there are no realistic circumstances where it would envisage doing so. Therefore, there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The director is confident that the actions and strategies in place should be sufficient to mitigate business risks as they arise.

The company places significant reliance on the ultimate controlling party not recalling amounts owing to them and to provide further funds at times when required. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the company to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business.

The financial statements do not include any adjustments that would arise should the company be unable to continue as a going concern.

Sunderland FC Hotels Limited

Strategic Report (Continued)

For the period ended 31 December 2022

Financial key performance indicators

Turnover for the period ended 31 December 2022 was £5,146k. As the current period of 17 months exceeds the prior year the annualised equivalent increase 166%.

Gross profit margin has also improved from 43% in the year ended 31 July 2021 to 58% in 2022 as a result of significant focus on control costs and the monitoring of departmental operating costs in detail on a monthly basis to mitigate against the impact of COVID-19 restrictions that impacted the company in 2021.

On behalf of the board

J L Feggett
Director

26 September 2023

Sunderland FC Hotels Limited

Director's Report

For the period ended 31 December 2022

The director presents her annual report and financial statements for the period ended 31 December 2022.

Principal activities

The principal activity of the company continues to be the operation and management of a hotel.

Results and dividends

The results for the period are set out on page 9.

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

Going concern

The director believes that preparing the financial statements on the going concern basis is appropriate due to the continued support of the ultimate controlling party, Wear LLC.

Management and the director have assessed the company's ability to be able to continue as a going concern and it is in their opinion that the ultimate controlling party will continue to support the company. Considering this, the going concern basis of preparation is deemed appropriate.

However, the entity places significant reliance on the ultimate controlling party not recalling amounts owing to them and on this entity to provide further funds at times when required. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the company to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business.

The financial statements do not include any adjustments that would arise should the company be unable to continue as a going concern.

Financial risk management

The director considers the main risk to the company to be credit risk. Outstanding receivables are managed by close monitoring of debts. Regular reviews of such are performed by management and reported monthly to the director. Credit terms offered are thirty days from invoice date at the discretion of management.

Employees

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status and offers appropriate training and career development for disabled staff. If members of staff become disabled the group continues employment wherever possible and arranges retraining.

The company is also committed to providing employees with information on matters of concern to them on a regular basis, so that the views of employees can be taken into account when making decisions that are likely to affect their interests. In addition, the company encourages the involvement of employees by listening to their concerns.

Executive management are regularly updated on the performance of the company via monthly management meetings. This information is then communicated to staff via departmental briefings and internal announcements.

Sunderland FC Hotels Limited

Director's Report (Continued)

For the period ended 31 December 2022

Director

The director who held office during the period and up to the date of signature of the financial statements was as follows:

J L Feggett

Auditor

The auditor, Moore Kingston Smith LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of director's responsibilities

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless she is 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 director is required to:

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

The director is 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. She is 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 of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

J L Feggett

Director

26 September 2023

Sunderland FC Hotels Limited

Independent Auditor's Report

To the Members of Sunderland FC Hotels Limited

Opinion

We have audited the financial statements of Sunderland FC Hotels Limited (the 'company') for the period ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Material uncertainty relating to going concern

We draw attention to note 1.2 in the financial statements, which indicates that the company is reliant on the ongoing financial support of the ultimate controlling party to enable it to continue as a going concern. Whilst the director does not believe there is any reason this support will not be forthcoming, it cannot be guaranteed. As stated in note 1.2 these events or conditions, along with the other matters as set forth in note 1.2 indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Sunderland FC Hotels Limited

Independent Auditor's Report (Continued)

To the Members of Sunderland FC Hotels Limited

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Director's Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the Director's Responsibilities Statement, the director is 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 director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Sunderland FC Hotels Limited

Independent Auditor's Report (Continued)

To the Members of Sunderland FC Hotels Limited

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Sunderland FC Hotels Limited

Independent Auditor's Report (Continued)

To the Members of Sunderland FC Hotels Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Grieve
Senior Statutory Auditor
for and on behalf of Moore Kingston Smith LLP

28 September 2023

Chartered Accountants
Statutory Auditor

6th Floor
9 Appold Street
London
EC2A 2AP

Sunderland FC Hotels Limited

Statement of Comprehensive Income

For the period ended 31 December 2022

		Period ended 31 December 2022 £	Year ended 31 July 2021 £
	Notes		
Turnover	3	5,146,432	1,366,491
Cost of sales		(2,146,577)	(769,722)
Gross profit		2,999,855	596,769
Administrative expenses		(3,584,745)	(1,953,267)
Other operating income		27,918	105,054
Loss before taxation		(556,972)	(1,251,444)
Tax on loss	6	-	-
Loss for the financial period		(556,972)	(1,251,444)

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

Sunderland FC Hotels Limited

Balance Sheet

As at 31 December 2022

	Notes	2022 £	2021 £
Fixed assets			
Tangible assets	7	6,081,416	7,381,469
Current assets			
Stock	8	15,809	12,438
Debtors	9	80,603	75,681
Cash at bank and in hand		498,131	271,055
		<u>594,543</u>	<u>359,174</u>
Creditors: amounts falling due within one year	10	<u>(623,873)</u>	<u>(381,585)</u>
Net current liabilities		<u>(29,330)</u>	<u>(22,411)</u>
Total assets less current liabilities		6,052,086	7,359,058
Creditors: amounts falling due after more than one year	11	<u>(12,830,000)</u>	<u>(13,580,000)</u>
Net liabilities		<u><u>(6,777,914)</u></u>	<u><u>(6,220,942)</u></u>
Capital and reserves			
Called up share capital	14	1	1
Profit and loss reserves		<u>(6,777,915)</u>	<u>(6,220,943)</u>
Total equity		<u><u>(6,777,914)</u></u>	<u><u>(6,220,942)</u></u>

The financial statements were approved and signed by the director and authorised for issue on 26 September 2023

J L Feggett
Director

Company Registration No. 08787108

Sunderland FC Hotels Limited

Statement of Changes in Equity

For the period ended 31 December 2022

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 August 2020	1	(4,969,499)	(4,969,498)
Year ended 31 July 2021:			
Loss and total comprehensive income for the year	-	(1,251,444)	(1,251,444)
Balance at 31 July 2021	1	(6,220,943)	(6,220,942)
Period ended 31 December 2022:			
Loss and total comprehensive income for the period	-	(556,972)	(556,972)
Balance at 31 December 2022	1	(6,777,915)	(6,777,914)

Sunderland FC Hotels Limited

Notes to the Financial Statements

For the period ended 31 December 2022

1 Accounting policies

Company information

Sunderland FC Hotels Limited is a private company limited by shares incorporated in England and Wales. The registered office is Hilton Garden Inn Sunderland, Vaux Brewery Way, Sunderland, United Kingdom, SR5 1SU.

1.1 Reporting period

The financial statements of the company have been prepared for the 17 month period to 31 December 2022 to align with period ends of entities within the wider group which the company is a part of. The comparative amounts presented in these financial statements are not entirely comparable as they will cover the 12 months to 31 July 2021.

1.2 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements, which are those of Sunderland FC Hotels Limited as an individual entity, have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.3 Going concern

The director believes that preparing the financial statements on the going concern basis is appropriate due to the continued support of the ultimate controlling party, Wear LLC.

Management and the director have assessed the company's ability to be able to continue as a going concern for a period of 1 year from the date that these financial statements were authorised and it is in their opinion that the ultimate controlling party will continue to support the company. A letter of support has been obtained confirming that support will continue to be provided, and amounts owing to the ultimate controlling party will not be recalled for a period of at least a year from the date of approval of the financial statements, however that letter is not legally binding. Considering this, the going concern basis of preparation is deemed appropriate.

However, the entity places significant reliance on the ultimate controlling party not recalling amounts owing to them which is not guaranteed. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the company to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal.

The financial statements do not include any adjustments that would arise should the company be unable to continue as a going concern.

1.4 Turnover

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

Sunderland FC Hotels Limited

Notes to the Financial Statements (Continued)

For the period ended 31 December 2022

1 Accounting policies

(Continued)

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Tangible fixed assets

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

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

Leasehold land and buildings	25 years on a straight line basis
Fixtures and fittings	2 - 10 years on a straight line basis

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

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

1.7 Stock

Stock are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct purchase price and those overheads that have been incurred in bringing the stock to their present location and condition.

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

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans and other debtors receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term trade creditors and other current creditors payable on demand are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Sunderland FC Hotels Limited

Notes to the Financial Statements (Continued)

For the period ended 31 December 2022

1 Accounting policies

(Continued)

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Employee benefits

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

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

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

1.12 Retirement benefits

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

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

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

1.15 Foreign exchange

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

Sunderland FC Hotels Limited

Notes to the Financial Statements (Continued)

For the period ended 31 December 2022

1 Accounting policies

(Continued)

1.16 COVID 19 related support measures

The company took advantage of various support measures announced by the government

- The company as a hotel operator was able to take advantage of a temporary reduction in business rates in to mid 2022.
- The company was able to take advantage of temporary VAT reduction for the hospitality sector early 2022. As income and costs are stated net of VAT this had no impact on the result for the period reported in the financial statements
- The company received grants in the prior year under the Coronavirus Job Retention Scheme where staff have been furloughed due to the global pandemic. These amounts have been included separately in other income and are recognised in the same periods as the related salary costs.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is 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.

In preparing the financial statements the director has made the following judgements:

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and the residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

3 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by class of business		
Accommodation, food and drink	5,146,432	1,366,491
	<u> </u>	<u> </u>
	2022	2021
	£	£
Other significant revenue		
Grants received	-	105,054
	<u> </u>	<u> </u>

All turnover arose within the United Kingdom.

Sunderland FC Hotels Limited

Notes to the Financial Statements (Continued)

For the period ended 31 December 2022

4 Operating loss

	2022	2021
	£	£
Operating loss for the period is stated after charging/(crediting):		
Government grants	-	(105,054)
Fees payable to the company's auditor for the audit of the company's financial statements	40,266	24,548
Depreciation of owned tangible fixed assets	1,356,542	1,236,545
	<u> </u>	<u> </u>

5 Employees

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

	2022	2021
	Number	Number
Direct Labour	63	31
Administration	5	5
Sales	2	2
	<u> </u>	<u> </u>
Total	70	38
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	1,583,941	615,026
Social security costs	116,490	42,543
Pension costs	22,852	10,372
	<u> </u>	<u> </u>
	1,723,283	667,941
	<u> </u>	<u> </u>

6 Taxation

Sunderland FC Hotels Limited

Notes to the Financial Statements (Continued)

For the period ended 31 December 2022

6 Taxation

(Continued)

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

	2022 £	2021 £
Loss before taxation	(556,972)	(1,251,444)
<i>Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)</i>	(105,825)	(237,774)
Tax effect of utilisation of tax losses not previously recognised	(27,377)	-
Unutilised tax losses carried forward	-	112,373
Change in unrecognised deferred tax assets	202	4,562
Other permanent differences	133,000	120,839
Taxation charge for the period	-	-

The company has an unrecognised deferred tax asset in respect of timing differences of £468,000 (2021: £446,000)

7 Tangible fixed assets

	Leasehold land and buildings £	Fixtures and fittings £	Total £
Cost			
At 1 August 2021	6,168,085	7,949,622	14,117,707
Additions	-	56,489	56,489
At 31 December 2022	6,168,085	8,006,111	14,174,196
Depreciation and impairment			
At 1 August 2021	1,332,322	5,403,916	6,736,238
Depreciation charged in the period	427,310	929,232	1,356,542
At 31 December 2022	1,759,632	6,333,148	8,092,780
Carrying amount			
At 31 December 2022	4,408,453	1,672,963	6,081,416
At 31 July 2021	4,835,763	2,545,706	7,381,469

Sunderland FC Hotels Limited

Notes to the Financial Statements (Continued)

For the period ended 31 December 2022

8 Stock

	2022 £	2021 £
Raw materials and consumables	15,809	12,438

9 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	22,185	46,152
Amounts owed by group undertakings	5,600	2,050
Other debtors	2,878	-
Prepayments and accrued income	49,940	27,479
	80,603	75,681

10 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Obligations under finance leases	12	-	8,074
Trade creditors		164,802	139,956
Taxation and social security		85,595	40,097
Other creditors		33,985	16,583
Accruals and deferred income		339,491	176,875
		623,873	381,585

11 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Other borrowings		12,830,000	13,580,000

Amounts owed to related undertakings include unsecured, interest free loans repayable to Wear LLC, the immediate parent undertaking of Sunderland FC Development LLP. These loans do not have a formal repayment date but the parent company have confirmed in writing that these are not due within 1 year from the balance sheet date.

12 Finance lease obligations

	2022 £	2021 £
Future minimum lease payments due under finance leases:		
Within one year	-	8,074

Sunderland FC Hotels Limited

Notes to the Financial Statements (Continued)

For the period ended 31 December 2022

12 Finance lease obligations

(Continued)

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 2 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

13 Retirement benefit schemes

	2022	2021
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	22,852	10,372

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.

14 Share capital

	2022	2021	2022	2021
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
1 ordinary share of £1 each	1	1	1	1

15 Related party transactions

The company has taken advantage of the exemption from disclosing transactions with members within a wholly owned group.

16 Ultimate controlling party

The immediate parent company is Sunderland FC Development LLP by virtue of their shareholding. The smallest and largest group for which consolidated financial statements are drawn up is Sunderland FC Development LLP. Copies of the financial statements of Sunderland FC Development LLP are publicly available at Companies House.

The Director considers the ultimate controlling party of the company to be Mr E Short.

17 Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

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.