

Company Registration No. 09329964 (England and Wales)

Q.N. (HOLDINGS) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Q.N. (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors	Q Ahmed N Ahmed	(Appointed 6 July 2022)
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Company number	09329964
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Registered office	QN House Unit 4 Loughton Business Centre 5 Langston Road Essex IG10 3FL
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Auditor	HW Fisher LLP Acre House 11-15 William Road London NW1 3ER United Kingdom
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Q.N. (HOLDINGS) LIMITED

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Q.N. (HOLDINGS) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Fair review of the business

Overall the group has traded well during 2022. The revenue increased substantially, and the group was profitable (before accounting for costs resulting from the write down of asset values).

Despite the inflationary pressures the EBITDA has increased substantially.

Group revenue has increased by 57.3% to £9,999,173 (2021: £6,355,333) and group gross profit margin has increased to 60.3% (2021: 54.4%).

Future Developments

The Company is planning to refurbish the Ashford hotel within the next 12 months from the date of the signing of these financial statements.

Key performance indicators

In the opinion of the directors the key performance indicators are occupancy, average room rate and revenue per available room. The group aims for occupancy of 70% and average room rate of £60 a night.

Principle Risks and Uncertainties

The principal risks and uncertainties facing the business (apart from those associated with a general economic downturn) relate to the management of cashflows.

Matters of strategic importance

The directors seek to promote strong mutually beneficial relationships with suppliers, customers, the regulators and authorities. Such general principles are critical in the delivery of the company's strategy. The Company has strong relationships with suppliers by adhering to the payment terms. The loyalty programmes insures that customers feels valued and rewarded for their business.

On behalf of the board

Q Ahmed

Director

17 November 2023

Q.N. (HOLDINGS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Principal activities

The principal activity of the group continued to be that of hoteliers.

The principal activity of the company is a holding company.

Results and dividends

The results for the year are set out on page 7.

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

Directors

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

Q Ahmed

N Ahmed (Appointed 6 July 2022)

Auditor

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

Statement of disclosure to auditor

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

On behalf of the board

Q Ahmed

Director

17 November 2023

Q.N. (HOLDINGS) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

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

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

Q.N. (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF Q.N. (HOLDINGS) LIMITED

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Q.N. (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF Q.N. (HOLDINGS) LIMITED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

As part of our planning process:

- We enquired of management the systems and controls the group has in place, the areas of the financial statements that are most susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The group did not inform us of any known, suspected or alleged fraud effecting the audit period.
- We obtained an understanding of the legal and regulatory frameworks applicable to the company. We determined that the following were most relevant: FRS 102, Companies Act 2006, certificate of alcohol licenses and compliance with health and safety and hygiene requirements.
- We considered the incentives and opportunities that exist in the group, including the extent of management bias, which present a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
- Using our knowledge of the group, together with the discussions held with the group at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

Q.N. (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF Q.N. (HOLDINGS) LIMITED

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Review of internal control procedures to ensure expenses were approved prior to paying suppliers, as well as ensuring hotel receipts were accounted for and banked in a timely manner.
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Reviewing and challenging the assumptions and judgements used by management in their significant accounting estimates.
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations. This included reviewing licenses held, as well as reports from health and safety and hygiene regulatory bodies to confirm compliance.
- Testing key revenue lines, in particular cut-off, for evidence of management bias.
- Obtaining third-party confirmation of material bank and loan balances.
- Documenting and verifying all significant related party balances and transactions.
- Reviewing all significant consolidation adjustments.
- Completing analytical review of key expenditure and revenue items and seeking explanations from management for exceptions.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements even though we have properly planned and performed our audit in accordance with auditing standards. The primary responsibility for the prevention and detection of irregularities and fraud rests with the directors.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Katherine Montgomery (Senior Statutory Auditor)

For and on behalf of HW Fisher LLP

Chartered Accountants

Statutory Auditor

Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

17 November 2023

Q.N. (HOLDINGS) LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

		2022	2021
	Notes	£	£
Turnover	3	9,999,173	6,355,333
Cost of sales		(3,967,182)	(2,901,105)
Gross profit		6,031,991	3,454,228
Administrative expenses		(6,679,625)	(3,520,935)
Other operating income		48,347	1,546,125
Operating (loss)/profit	4	(599,288)	1,479,418
Interest payable and similar expenses	8	(218,481)	(205,647)
(Loss)/profit before taxation		(817,769)	1,273,771
Taxation	9	697,276	(437,053)
(Loss)/profit for the financial year		(120,493)	836,718

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Q.N. (HOLDINGS) LIMITED**GROUP STATEMENT OF COMPREHENSIVE INCOME*****FOR THE YEAR ENDED 31 DECEMBER 2022***

	2022	2021
	£	£
(Loss)/profit for the year	(120,493)	836,718
Other comprehensive income		
Revaluation of tangible fixed assets	(5,593,294)	-
Tax relating to other comprehensive income	531,233	(324,791)
Other comprehensive income for the year	(5,062,061)	(324,791)
Total comprehensive income for the year	(5,182,554)	511,927

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

Q.N. (HOLDINGS) LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	10		19,746		20,996
Tangible assets	11		15,234,201		22,178,665
			<u>15,253,947</u>		<u>22,199,661</u>
Current assets					
Stocks	14	53,087		53,401	
Debtors	15	1,440,342		1,202,367	
Cash at bank and in hand		3,654,650		1,200,564	
		<u>5,148,079</u>		<u>2,456,332</u>	
Creditors: amounts falling due within one year	16	<u>(11,173,192)</u>		<u>(8,125,544)</u>	
Net current liabilities			<u>(6,025,113)</u>		<u>(5,669,212)</u>
Total assets less current liabilities			9,228,834		16,530,449
Creditors: amounts falling due after more than one year	17		(16,800)		(933,205)
Provisions for liabilities					
Deferred tax liability	20	542,223	<u>(542,223)</u>	1,213,646	<u>(1,213,646)</u>
Net assets			<u>8,669,811</u>		<u>14,383,598</u>
Capital and reserves					
Called up share capital	22		9,700		9,700
Share premium account			17,476,650		17,476,650
Revaluation reserve			2,470,134		7,532,195
Capital redemption reserve			990,300		990,300
Other reserves			-		58,302
Profit and loss reserves			<u>(12,276,973)</u>		<u>(11,683,549)</u>
Total equity			<u>8,669,811</u>		<u>14,383,598</u>

The financial statements were approved by the board of directors and authorised for issue on 1/ November 2023 and are signed on its behalf by:

Q Ahmed
Director

Q.N. (HOLDINGS) LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Investments	12		1,000,000		1,000,000
Current assets		-		-	
Creditors: amounts falling due within one year	16	(985,300)		(985,300)	
Net current liabilities			(985,300)		(985,300)
Total assets less current liabilities			14,700		14,700
Capital and reserves					
Called up share capital	22		9,700		9,700
Capital redemption reserve			990,300		990,300
Profit and loss reserves			(985,300)		(985,300)
Total equity			14,700		14,700

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £0 (2021 - £0 profit).

The financial statements were approved by the board of directors and authorised for issue on 17 November 2023 and are signed on its behalf by:

Q Ahmed
Director

Company Registration No. 09329964

Q.N. (HOLDINGS) LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Share premium account	Revaluation reserve	Capital redemption reserve	Other reserves	Profit and loss reserves	Total
	£	£	£	£	£	£	£
Balance at 1 January 2021	9,700	17,476,650	7,856,986	990,300	58,302	(12,845,058)	13,546,880
Year ended 31 December 2021:							
Profit for the year	-	-	-	-	-	836,718	836,718
Other comprehensive income:							
Tax relating to other comprehensive income	-	-	(324,791)	-	-	-	(324,791)
Total comprehensive income for the year	-	-	(324,791)	-	-	-	(324,791)
Transfers	-	-	(324,791)	-	-	836,718	511,927
	-	-	-	-	-	324,791	324,791
Balance at 31 December 2021	9,700	17,476,650	7,532,195	990,300	58,302	(11,683,549)	14,383,598
Year ended 31 December 2022:							
Loss for the year	-	-	-	-	-	(120,493)	(120,493)
Other comprehensive income:							
Revaluation of tangible fixed assets	-	-	(5,593,294)	-	-	-	(5,593,294)
Tax relating to other comprehensive income	-	-	531,233	-	-	-	531,233
Total comprehensive income for the year	-	-	(5,062,061)	-	-	(120,493)	(5,182,554)
Transfers	-	-	-	-	-	(472,931)	(472,931)
Other movements	-	-	-	-	(58,302)	-	(58,302)
Balance at 31 December 2022	9,700	17,476,650	2,470,134	990,300	-	(12,276,973)	8,669,811

Q.N. (HOLDINGS) LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2021	9,700	990,300	(985,300)	14,700
Year ended 31 December 2021:				
Profit and total comprehensive income for the year	-	-	-	-
Balance at 31 December 2021	9,700	990,300	(985,300)	14,700
Year ended 31 December 2022:				
Profit and total comprehensive income for the year	-	-	-	-
Balance at 31 December 2022	9,700	990,300	(985,300)	14,700

Q.N. (HOLDINGS) LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	26		3,619,995		1,547,706
Interest paid			(218,481)		(205,647)
Income taxes refunded/(paid)			466,847		(61,004)
Net cash inflow from operating activities			<u>3,868,361</u>		<u>1,281,055</u>
Investing activities					
Purchase of tangible fixed assets		(772,798)		(162,890)	
Net cash used in investing activities			<u>(772,798)</u>		<u>(162,890)</u>
Financing activities					
Receipt/(Repayment) of other loans		-		(58,300)	
Receipt/(Repayment) of bank loans		(620,403)		(270,911)	
Payment of finance leases obligations		(21,074)		(54,450)	
Net cash used in financing activities			<u>(641,477)</u>		<u>(383,661)</u>
Net increase in cash and cash equivalents			<u>2,454,086</u>		<u>734,504</u>
Cash and cash equivalents at beginning of year			<u>1,200,564</u>		<u>466,060</u>
Cash and cash equivalents at end of year			<u><u>3,654,650</u></u>		<u><u>1,200,564</u></u>

Q.N. (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Q.N. (Holdings) Limited ("the company") is a private company limited by shares incorporated in England and Wales. The registered office is QN House Unit 4, Loughton Business Centre, 5 Langston Road, Essex, IG10 3FL.

The group consists of Q.N. (Holdings) Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

1.2 Basis of consolidation

The company was established in 2014 as a new holding company for the Q.N. Hotels group, with the ultimate owners' interests unchanged. In the consolidated financial statements, the group reconstruction has been accounted for under merger accounting principles as if the group had always been in existence in its current form. Therefore the assets and liabilities of each of the subsidiaries were recognised at their book value.

The consolidated financial statements incorporate those of Q.N. (Holdings) Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 December 2022.

All intra-group balances are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

The group successfully obtained a refinanced bank loan agreement post year end extending the repayment date to 23 November 2027 from 29 November 2022.

At the time of approving the financial statements, based on the budgets and post year-end results, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Q.N. (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.4 Turnover

Turnover is derived from hotel operations, and arose wholly in the United Kingdom. Turnover is recognised when services have been rendered. The turnover of the hotels is derived primarily from the rental of rooms, conference and banqueting, food and beverage sales. Turnover is all rendering of goods and services. Turnover is also derived from the sale of fitness club membership and associated joining and administration fees.

Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes.

1.5 Intangible fixed assets other than goodwill

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:

Franchise fees	over 20 years
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1.6 Tangible fixed assets

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

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

Land and buildings	See below
Plant and equipment	15% straight line
Fixtures and fittings	15% straight line
Motor vehicles	20% reducing balance

The residual value of the buildings is considered to equal to the carrying value and so no depreciation is charged.

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

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.8 Fixed asset investments

Interest in subsidiaries are initially measured at cost in the parent company financial statements, and subsequently measured at cost less any accumulated impairment losses.

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

Q.N. (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials.

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

1.11 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

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

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

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

Basic financial assets

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

Impairment of financial assets

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

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

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

Q.N. (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

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

1.13 Equity instruments

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

1.14 Taxation

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

Current tax

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

Deferred tax

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

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

Q.N. (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1	Accounting policies	(Continued)
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1.15 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.

1.16 Retirement benefits

The group makes pension contributions to a money purchase scheme in respect of certain directors. Contributions payable are charged to the profit and loss account in the Period they are payable.

The group operates a defined contribution pension scheme under the automatic enrolment legislation for the benefit of its employees. Contributions payable are charged to the profit and loss accounts in the period they are payable.

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

1.18 Government grants

Government grants, which includes those relating to the Coronavirus Job Retention Scheme (CJRS) 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.

For CJRS grants, as this scheme involves a transfer of resources from government to the company, it meets the definition of a government grant. The scheme is designed to compensate for staff costs, so amounts received or receivable are recognised in the income statement as part of other operating income over the same period as the costs to which they relate. Government grants are accounted for under the accrual model.

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

Q.N. (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Valuation of land and buildings

The group has adopted the revaluation model for its land and buildings. At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates. As at 31 December 2021 a directors' valuation had been performed for the land and buildings, and the fair value of the freehold property was determined using a multiple of 2.33 - 2.90 applied to actual and forecast turnover for the year to 31 December 2022. The directors considered this method appropriate to use due to the nature of the group's operations, and the method is widely applied by surveyors. The valuation was subjective due to, among other factors, the individual nature and condition of the buildings and their location. As a result, the valuation was subject to a degree of estimation uncertainty and was made on the basis of assumptions which may not prove to be borne out in practice. The directors did not consider the value of land and buildings to be impaired in the prior year.

During the year to 31 December 2022, a formal valuation was carried out by an independent RICS Chartered Surveyor. The valuation technique used in arriving at the value of the land and buildings in these financial statements was based on discounted future cash flows as valuers consider this approach to be the one most likely to be adopted by potential purchasers. The valuation model considers the present value of net cashflows to be generated by the property taking into account expected rental growth and occupancy rate among other things. The expected net cashflows are discounted using a risk-adjusted discount rate. The valuation of property at fair value is a source of significant estimation uncertainty as determining this involves the use of significant assumptions which include the discount rate.

The valuation technique changed during the year therefore the impact of the change has been assessed. A range of possible multiples based on comparable market sales was detailed within the valuation report and should the median multiple have been used as the basis of valuation, the value of the freehold property would be estimated to be £4,430,000 higher than the current value shown in note 11.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2022	2021
	£	£
Hotel Operations	9,999,173	6,355,333
	<u> </u>	<u> </u>
	2022	2021
	£	£
Other significant revenue		
Grants received	-	1,488,825
	<u> </u>	<u> </u>
	2022	2021
	£	£
Turnover analysed by geographical market		
United Kingdom	9,999,173	6,355,333
	<u> </u>	<u> </u>

Q.N. (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4 Operating (loss)/profit

	2022	2021
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Government grants	-	(1,488,825)
Depreciation of owned tangible fixed assets	383,600	321,129
Depreciation of tangible fixed assets held under finance leases	59,400	59,400
Amortisation of intangible assets	1,250	1,250
Operating lease charges	109,800	48,904
	<u> </u>	<u> </u>

5 Employees

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

	Group		Company	
	2022	2021	2022	2021
	Number	Number	Number	Number
Hotel service staff	141	129	-	-
Administration and management staff	28	31	-	-
Directors	2	2	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	171	162	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Wages and salaries	2,967,045	2,636,380	-	-
Social security costs	226,513	164,494	-	-
Pension costs	44,399	38,759	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	3,237,957	2,839,633	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

6 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company's group and subsidiaries	59,927	47,221
	<u> </u>	<u> </u>
For other services		
All other non-audit services	9,000	9,000
	<u> </u>	<u> </u>

Q.N. (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

7 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	219,600	219,601
Company pension contributions to defined contribution schemes	1,321	1,319
	<u>220,921</u>	<u>220,920</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022	2021
	£	£
Remuneration for qualifying services	120,000	120,000

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021 - 1).

8 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and loans	202,418	190,172
Interest on finance leases and hire purchase contracts	13,812	12,661
Other interest	2,251	2,814
Total finance costs	<u>218,481</u>	<u>205,647</u>

Q.N. (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	-	126,872
Adjustments in respect of prior periods	(25,853)	(14,610)
Total current tax	(25,853)	112,262
Deferred tax		
Origination and reversal of timing differences	(671,423)	324,791
Total tax (credit)/charge	(697,276)	437,053

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

	2022 £	2021 £
(Loss)/profit before taxation	(817,769)	1,273,771
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(155,376)	242,016
Tax effect of expenses that are not deductible in determining taxable profit	316,385	10,602
Tax effect of income not taxable in determining taxable profit	-	(26,019)
Unutilised tax losses carried forward	(121,307)	(118,316)
Adjustments in respect of prior years	(25,853)	(14,610)
Permanent capital allowances in excess of depreciation	(39,702)	18,589
Effect of revaluations of properties	(671,423)	324,791
Taxation (credit)/charge	(697,276)	437,053

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2022 £	2021 £
Deferred tax arising on:		
Revaluation of property	(531,233)	324,791

The group has unutilised tax losses as at the year end amounting to £2,513,675 (2021: £3,202,226) to be used against future trading profits.

Q.N. (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

10 Intangible fixed assets

Group	Franchise fees £
Cost	
At 1 January 2022 and 31 December 2022	24,996
Amortisation and impairment	
At 1 January 2022	4,000
Amortisation charged for the year	1,250
At 31 December 2022	5,250
Carrying amount	
At 31 December 2022	19,746
At 31 December 2021	20,996

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

11 Tangible fixed assets

Group	Land and buildings £	Investment property £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation						
At 1 January 2022	20,600,000	184,722	1,015,686	5,863,933	-	27,664,341
Additions	-	-	44,203	426,595	302,000	772,798
Revaluation	(7,274,262)	-	-	-	-	(7,274,262)
At 31 December 2022	13,325,738	184,722	1,059,889	6,290,528	302,000	21,162,877
Depreciation and impairment						
At 1 January 2022	-	184,722	984,068	4,316,886	-	5,485,676
Depreciation charged in the year	-	-	20,308	410,259	12,433	443,000
At 31 December 2022	-	184,722	1,004,376	4,727,145	12,433	5,928,676
Carrying amount						
At 31 December 2022	13,325,738	-	55,513	1,563,383	289,567	15,234,201
At 31 December 2021	20,600,000	-	31,618	1,547,047	-	22,178,665

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

Q.N. (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

11 Tangible fixed assets (Continued)

The carrying value of land and buildings comprises:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Freehold	4,378,633	5,300,000	-	-
Long leasehold	8,947,105	15,300,000	-	-
	<u>13,325,738</u>	<u>20,600,000</u>	<u>-</u>	<u>-</u>

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2022 £	2021 £	Company 2022 £	2021 £
Fixtures and fittings	54,450	69,300	-	-
	<u>54,450</u>	<u>69,300</u>	<u>-</u>	<u>-</u>
Depreciation charge for the year in respect of leased assets	59,400	59,400	-	-
	<u>59,400</u>	<u>59,400</u>	<u>-</u>	<u>-</u>

The long leasehold buildings and freehold land and buildings in Q.N. Hotels Limited, Swanfield Limited, and Q.N. (Wrexham) Limited were revalued at 07 November 2022 by Colliers International Property Consultants Limited, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties. The directors confirm this value is reflective of the market value at the year end.

All other tangible fixed assets are stated at historical cost.

Land and buildings are carried at valuation. If land and buildings were measured using the cost model, the carrying amounts for the group would have been approximately £9,420,950 (2021 - £9,626,346), being cost £12,491,790 (2021 - £12,491,790) and depreciation £3,070,840 (2021 - £2,865,444).

12 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	13	-	-	1,000,000	1,000,000
		<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>

Q.N. (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Fixed asset investments (Continued)

Movements in fixed asset investments Company

Shares in group
undertakings
£

Cost or valuation

At 1 January 2022 and 31 December 2022

1,000,000

Carrying amount

At 31 December 2022

1,000,000

At 31 December 2021

1,000,000

13 Subsidiaries

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

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Q.N. Hotels (Aylesbury) Limited	1	Dormant	Ordinary shares	-	100.00
Q.N. Hotels (Wrexham) Limited	1	Hotelier	Ordinary shares	-	100.00
Q.N. Hotels Limited	1	Hotelier	Ordinary shares	100.00	-
Swanfield Limited	1	Hotelier	Ordinary shares	-	100.00

Registered office key:

1 - QN House, Loughton Business Centre, 5 Langston Road, Loughton, Essex, IG10 3FL

14 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Raw materials and consumables	53,087	53,401	-	-

15 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Amounts falling due within one year:	£	£	£	£
Trade debtors	452,428	151,815	-	-
Corporation tax recoverable	25,853	-	-	-
Other debtors	856,106	891,712	-	-
Prepayments and accrued income	105,955	158,840	-	-
	1,440,342	1,202,367	-	-

Q.N. (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

16 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans and overdrafts	19	5,762,305	5,466,303	-	-
Obligations under finance leases	18	38,326	59,400	-	-
Other loans	19	8,400	8,400	-	-
Trade creditors		644,585	594,900	-	-
Amounts due to group undertakings		-	-	985,300	985,300
Corporation tax payable		380,934	445,320	-	-
Other taxation and social security		821,334	774,704	-	-
Other creditors		158,933	164,330	-	-
Accruals and deferred income		3,358,375	612,187	-	-
		<u>11,173,192</u>	<u>8,125,544</u>	<u>985,300</u>	<u>985,300</u>

17 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans and overdrafts	19	-	853,555	-	-
Obligations under finance leases	18	-	54,450	-	-
Other loans	19	16,800	25,200	-	-
		<u>16,800</u>	<u>933,205</u>	<u>-</u>	<u>-</u>

18 Finance lease obligations

	Group 2022 £	2021 £	Company 2022 £	2021 £
Future minimum lease payments due under finance leases:				
Within one year	38,326	59,400	-	-
In two to five years	-	54,450	-	-
	<u>38,326</u>	<u>113,850</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group 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 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Q.N. (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

19 Loans and overdrafts

	Group 2022 £	2021 £	Company 2022 £	2021 £
Other loans	25,200	33,600	-	-
Bank loans	5,762,305	6,319,858	-	-
	<u>5,787,505</u>	<u>6,353,458</u>	<u>-</u>	<u>-</u>
Payable within one year	5,770,705	5,474,703	-	-
Payable after one year	<u>16,800</u>	<u>878,755</u>	<u>-</u>	<u>-</u>

Bank loans totalling £5,762,305 (2021: £6,319,858) are secured by way of a fixed and floating charge over the assets of the company and its subsidiaries, Q.N. Hotels Limited, Q N Hotels (Wrexham) Limited and Swanfield Limited.

The other loan is secured by a way of a legal charge over the assets of Q.N. Hotels (Wrexham) Limited, and is subject to a fixed rate of interest of 6.7%.

20 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2022 £	Liabilities 2021 £
Group		
Revaluations	<u>542,223</u>	<u>1,213,646</u>

The company has no deferred tax assets or liabilities.

	Group 2022 £	Company 2022 £
Movements in the year:		
Liability at 1 January 2022	1,213,646	-
Credit to profit or loss	(537,172)	-
Credit to other comprehensive income	<u>(134,251)</u>	<u>-</u>
Liability at 31 December 2022	<u>542,223</u>	<u>-</u>

Q.N. (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

21 Retirement benefit schemes

	2022	2021
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	44,399	38,759

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

22 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	9,700	9,700	9,700	9,700

23 Financial commitments, guarantees and contingent liabilities

The company and its subsidiary undertakings form part of a cross company guarantee securing bank borrowings of Q.N. Hotels Limited. At 31 December 2022 these borrowings amounted to £5,762,305 (2021: £6,319,858).

24 Related party transactions

A director owed £302,176 to the group on 1 January 2022. During the year, net advances of £109,926 were taken by the director and net repayments of £46,123 were made. At the year end, the director owed £365,979 to the group. The transactions mainly relate to personal expenses paid by the group on the director's behalf and cash withdrawals by the director. The amount owed by the director is unsecured, interest free and repayable on demand.

A director was owed £39,229 by the group on 1 January 2022. During the year, net advances of £9,107 were taken by the group. At the year end, the director was owed £48,330 by the group. The amount owed to the director is unsecured, interest free and repayable on demand.

During the year, the group was charged rent of £90,122 (2021: £41,073) for the use of a property owned by a company under common control which was repaid during the year. At year end, an amount of £449,151 (2021: £449,151) was due from this company.

At year end, an amount of £36,685 (2021: £131,693) was due from another company under common control.

Q.N. (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

25 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Within one year	160,119	57,373	-	-
Between two and five years	512,779	63,927	-	-
In over five years	942,083	-	-	-
	<u>1,614,981</u>	<u>121,300</u>	<u>-</u>	<u>-</u>

Lessor

The operating leases represent leases to third parties. The leases are negotiated over terms of 70 months and rentals are fixed for the period. There is no break clause and there are no options in place for either party to extend the lease terms. There are no contingent rent or escalation clauses. There are no significant restrictions imposed by lease arrangements.

At the reporting end date the group had contracted with tenants for the following minimum lease payments:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Within one year	-	30,000	-	-
	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>

26 Cash generated from group operations

	2022 £	2021 £
(Loss)/profit for the year after tax	(120,493)	836,718
Adjustments for:		
Taxation (credited)/charged	(697,276)	437,053
Finance costs	218,481	205,647
Amortisation and impairment of intangible assets	1,250	1,250
Depreciation and impairment of tangible fixed assets	443,000	380,529
Impairment losses and associated tax movements	1,149,735	-
Movements in working capital:		
Decrease/(increase) in stocks	314	(23,982)
Increase in debtors	(212,122)	(38,065)
Increase/(decrease) in creditors	264,351	(46,972)
Increase/(decrease) in deferred income	2,572,755	(204,472)
Cash generated from operations	<u>3,619,995</u>	<u>1,547,706</u>

Q.N. (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

27 Analysis of changes in net debt - group

	1 January 2022	Cash flows	Other non-cash 31 December 2022 changes	
	£	£	£	£
Cash at bank and in hand	1,200,564	2,454,086	-	3,654,650
Borrowings excluding overdrafts	(6,353,458)	565,953	-	(5,787,505)
Obligations under finance leases	(113,850)	21,074	54,450	(38,326)
	<u>(5,266,744)</u>	<u>3,041,113</u>	<u>54,450</u>	<u>(2,171,181)</u>

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.