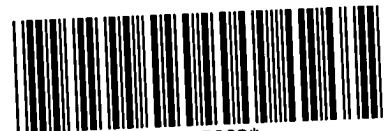


COMPANY REGISTRATION NUMBER: 09896267

**Dolphin Hotel Property Limited**  
**Filleted Financial Statements**  
**31 March 2019**

TUESDAY



A18      \*A8KII9QR\*      #75  
17/12/2019  
COMPANIES HOUSE

**HEBBLETHWAITES**  
Chartered Accountants & Statutory Auditors  
2 Westbrook Court  
Sharrow Vale Road  
Sheffield  
S11 8YZ

# **Dolphin Hotel Property Limited**

## **Financial Statements**

**Year ended 31 March 2019**

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# **Dolphin Hotel Property Limited**

## **Officers and Professional Advisers**

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### **The board of directors**

Mr G Dyke  
Ms S Howes  
Mr A G Rouse  
Mr G J Davies

### **Registered office**

C/O Director of Finance  
Kenwood Hall Hotel  
Kenwood Road  
Sheffield  
S7 1NQ

### **Auditor**

Hebblethwaites  
Chartered Accountants & Statutory Auditors  
2 Westbrook Court  
Sharrow Vale Road  
Sheffield  
S11 8YZ

# Dolphin Hotel Property Limited

## Statement of Financial Position

31 March 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	4	3,111,024	3,093,921
Investments	5	142,601	142,601
		<u>3,253,625</u>	<u>3,236,522</u>
<b>Current assets</b>			
Debtors: due within one year	6	548,566	1,016,129
Debtors: due after more than one year	6	3,096,840	2,785,863
Cash at bank and in hand		39,065	40,191
		<u>3,684,471</u>	<u>3,842,183</u>
<b>Creditors: amounts falling due within one year</b>	7	<u>2,186,203</u>	<u>2,142,507</u>
<b>Net current assets</b>		<u>1,498,268</u>	<u>1,699,676</u>
<b>Total assets less current liabilities</b>		<u>4,751,893</u>	<u>4,936,198</u>
<b>Creditors: amounts falling due after more than one year</b>	8	<u>3,969,921</u>	<u>4,435,426</u>
<b>Net assets</b>		<u>781,972</u>	<u>500,772</u>
<b>Capital and reserves</b>			
Called up share capital		1	1
Non-distributable revaluation reserve		974,000	643,000
Profit and loss account		(192,029)	(142,229)
<b>Shareholders funds</b>		<u>781,972</u>	<u>500,772</u>

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

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

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

The statement of financial position  
continues on the following page.

The notes on pages 4 to 11 form part of these financial statements.

# Dolphin Hotel Property Limited

## Statement of Financial Position *(continued)*

31 March 2019

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These financial statements were approved by the board of directors and authorised for issue on ~~24 September 2019~~ and are signed on behalf of the board by:



Mr G J Davies  
Director

Company registration number: 09896267

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The notes on pages 4 to 11 form part of these financial statements.

# **Dolphin Hotel Property Limited**

## **Notes to the Financial Statements**

**Year ended 31 March 2019**

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### **1. General information**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is C/O Director of Finance, Kenwood Hall Hotel, Kenwood Road, Sheffield, S7 1NQ.

### **2. Statement of compliance**

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

### **3. Accounting policies**

#### **Basis of preparation**

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

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

#### **Going concern**

Dolphin Hotel (Hampshire) Limited, the subsidiary company of Dolphin Hotel Property Limited, has generated a profit of £20,150 for the year to 31 March 2019 but has negative share capital and reserves of £552,442.

The accounts have been prepared on the going concern basis, on the understanding that Dolphin Hotel (Hampshire) Limited will continue to trade profitably and that as the immediate shareholder of the company, Dolphin Hotel Property Limited, and also the ultimate parent company Vine Hotels Limited, will both continue to offer financial support, where needed, to enable Dolphin Hotel (Hampshire) Limited to meet its liabilities as they fall due.

The Statement of Financial Position on this company shows net current assets of £1,498,238, however, this figure includes debtors due after more than one year of £3,096,840. Removing this item from net current assets would result in the company showing net current liabilities of £1,598,602 at the year end date. Debtors due after one year relates to the loss on disposal of a property sold on a sale and leaseback arrangement which, under sale and leaseback accounting requirements, the company will amortise over the term of the property lease taken out.

The accounts have been prepared on the going concern basis, on the understanding that the above treatment will not impact the company's ability to trade and meet its liabilities as they fall due.

#### **Consolidation**

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

# **Dolphin Hotel Property Limited**

## **Notes to the Financial Statements** *(continued)*

**Year ended 31 March 2019**

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### **3. Accounting policies** *(continued)*

#### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of management, there are no areas of judgement or key sources of estimation uncertainty that have a significant effect on the financial statements, other than those highlighted below.

#### **Revenue recognition**

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

#### **Deferred tax**

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

#### **Tangible assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

#### **Investment property**

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure.

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss.

If a reliable measure of fair value is no longer available without undue cost or effort for an item of investment property, it shall be transferred to tangible assets and treated as such until it is expected that fair value will be reliably measurable on an on-going basis.

# **Dolphin Hotel Property Limited**

## **Notes to the Financial Statements *(continued)***

**Year ended 31 March 2019**

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### **3. Accounting policies *(continued)***

#### **Investments**

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

#### **Impairment of fixed assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

#### **Finance leases and hire purchase contracts**

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

#### **Financial instruments**

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.



# Dolphin Hotel Property Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

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### 4. Tangible assets

	Long leasehold investment property £
<b>Cost or valuation</b>	
At 1 April 2018	3,093,921
Additions	17,103
Disposals	(331,000)
Revaluations	331,000
<b>At 31 March 2019</b>	<b>3,111,024</b>
<b>Depreciation</b>	
At 1 April 2018 and 31 March 2019	—
<b>Carrying amount</b>	
At 31 March 2019	3,111,024
At 31 March 2018	3,093,921

Included within the above is investment property as follows:

	£
At 1 April 2018	3,093,921
Additions	17,103
<b>At 31 March 2019</b>	<b>3,111,024</b>

The leasehold investment property comprises hotel property, being the land, buildings and integral fixtures and fittings contained therein.

The company property was freehold until March 2016 when the company sold the freehold and entered a sale and leaseback arrangement.

The directors have obtained a formal valuation with the sale and leaseback arrangement in place and have used this as the basis for arriving at the fair value now being carried in the accounts. Investment properties are not depreciated.

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

# Dolphin Hotel Property Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

---

### 4. Tangible assets *(continued)*

#### Tangible assets held at valuation

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

	Long leasehold investment property £
<b>At 31 March 2019</b>	
Aggregate cost	2,137,024
Aggregate depreciation	—
<b>Carrying value</b>	<b><u>2,137,024</u></b>
<b>At 31 March 2018</b>	
Aggregate cost	2,450,921
Aggregate depreciation	—
<b>Carrying value</b>	<b><u>2,450,921</u></b>

#### Finance leases and hire purchase contracts

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

	Long leasehold investment property £
<b>At 31 March 2019</b>	<b><u>3,111,024</u></b>
<b>At 31 March 2018</b>	<b><u>3,093,921</u></b>

### 5. Investments

	Shares in group undertakings £
<b>Cost</b>	
<b>At 1 April 2018 and 31 March 2019</b>	<b><u>142,601</u></b>
<b>Impairment</b>	
<b>At 1 April 2018 and 31 March 2019</b>	<b><u>—</u></b>

# Dolphin Hotel Property Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

### 5. Investments *(continued)*

	Shares in group undertakings £
Carrying amount At 31 March 2019	<u>142,601</u>
At 31 March 2018	<u>142,601</u>

### 6. Debtors

Debtors falling due within one year are as follows:

	2019 £	2018 £
Amounts owed by group undertakings and undertakings in which the company has a participating interest	494,856	575,336
Other debtors	<u>53,710</u>	<u>440,793</u>
	<u>548,566</u>	<u>1,016,129</u>

Debtors falling due after one year are as follows:

	2019 £	2018 £
Other debtors	<u>3,096,840</u>	<u>2,785,863</u>

Other debtors includes a figure of £3,114,950 (2018 £2,802,060) relating to the loss on disposal of a freehold property in March 2016. The property in question had a book cost of £5,191,454 and was sold for £2,357,000 (with £331,000 of this being returned by the company in 2019) as part of a sale and leaseback arrangement.

Sale and leaseback accounting treatment requires the loss on disposal to be taken to the balance sheet as a debtor and this will be amortised at a rate of £18,110 per annum for the remaining 172 years of the leaseback period.

The figure of £3,096,840 (2018 £2,785,863) shown as debtors due after more than one year relates entirely to this transaction.

### 7. Creditors: amounts falling due within one year

	2019 £	2018 £
Bank loans and overdrafts	125,000	125,000
Amounts owed to group undertakings and undertakings in which the company has a participating interest	1,879,128	1,889,126
Other creditors	<u>182,075</u>	<u>128,381</u>
	<u>2,186,203</u>	<u>2,142,507</u>

The bank loan is secured upon all assets of the company.

# Dolphin Hotel Property Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

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

	2019 £	2018 £
Bank loans and overdrafts	2,000,000	2,125,000
Other creditors	1,969,921	2,310,426
	<u>3,969,921</u>	<u>4,435,426</u>

The bank loan is secured upon all assets of the company.

The bank loan term is for five years, with fixed capital repayments of £125,000 per annum scheduled over five years from 16 March 2016 and a final capital repayment of £1,875,000 payable in March 2021. Interest is payable at 1.95% above LIBOR.

Other creditors relates to monies received by the company as part of the freehold property sale and leaseback agreement. The amount advanced to the company in March 2016 in respect of this was £2,357,000 (with £331,000 of this being returned by the company during this year) and a lease for 175 years was entered into for an initial rent of £115,000 (reduced to £86,700 during this year) per annum; this sum will increase by RPI each year.

Sale and leaseback accounting treatment requires the adjusted sum of £2,026,000 received for the property to be taken to the balance sheet as a creditor and payments of the lease element to be apportioned between capital repayments and interest over the term of the lease.

The element repayable over five years from the balance sheet date is £1,923,840 (2018 £2,270,706).

### 9. Financial risk management objectives and policies

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

### 10. Operating leases

#### As lessor

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

	2019 £	2018 £
Not later than 1 year	296,577	296,577
Later than 1 year and not later than 5 years	889,731	1,186,308
	<u>1,186,308</u>	<u>1,482,885</u>

The leasehold property of this company, being the subject of the sale and leaseback arrangement, is subject to a lease to Dolphin Hotel (Hampshire) Limited, the 100% subsidiary company of Dolphin Hotel Property Limited. A formal lease of seven years, in this latter regard, was entered into in March 2016.

### 11. Summary audit opinion

The auditor's report for the year dated 25 September 2019 was unqualified.

# **Dolphin Hotel Property Limited**

## **Notes to the Financial Statements** *(continued)*

**Year ended 31 March 2019**

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### **11. Summary audit opinion** *(continued)*

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

### **12. Directors' advances, credits and guarantees**

The company has entered into a deed of guarantee and indemnity made between two of its directors and the following members of the Vine Hotels Group:

Vine Hotels Limited  
Dolphin Hotel (Hampshire) Limited  
Sheffield Park Hotel Property Limited  
Sheffield Park Hotel Limited

The guarantee covers loans totalling £1.4 million (2018 £2.9 million), advanced to the holding company, Vine Hotels Limited, by Mr G Dyke and Mrs S Howes.

The loans attract interest of 10% per annum and are secured by a fixed and floating charge over all assets of the group companies.

### **13. Related party transactions**

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

### **14. Controlling party**

The ultimate parent company of Dolphin Hotel Property Limited is Vine Hotels Limited, which is ultimately controlled by Mrs S Howes.

Vine Hotels Limited will be preparing consolidated group accounts, which include the accounts of Dolphin Hotel Property Limited and its subsidiary, Dolphin Hotel (Hampshire) Limited.