Registered number: 10288828

SARR NOKE HOSPITALITY LIMITED

UNAUDITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE PERIOD ENDED 31 MARCH 2021

BALANCE SHEET
AS AT 31 MARCH 2021

	Note		31 March 2021 £		31 December 2019 £
Fixed assets					
Tangible assets	5		**446,309**		573,390
Investment property	6		**8,119,765**		7,975,610
			8,566,074		8,549,000
Current assets					
Debtors: amounts falling due within one year	7	**635,266**		166,269	
Cash at bank and in hand	8	**17,824**		2,612	
		653,090		168,881	
Creditors: amounts falling due within one year	9	**(3,187,499)**		(2,688,738)	
Net current liabilities			**(2,534,409)**		(2,519,857)
Total assets less current liabilities			**6,031,665**		6,029,143
Creditors: amounts falling due after more than one year	10		**(6,591,172)**		(6,411,943)
Provisions for liabilities					
Deferred tax	12	**(6,129)**		(6,129)	
			(6,129)		(6,129)
Net liabilities			**(565,636)**		(388,929)
Capital and reserves					
Called up share capital	13		**1**		1
Profit and loss account			**(565,637)**		(388,930)
			(565,636)		(388,929)

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2021

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the period in question in accordance with section 476 of the Companies Act 2006.

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 financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 March 2022.

R S Gidar
Director

The notes on pages 3 to 11 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021

1. General information

The Company is a private company limited by shares and is incorporated in England and Wales. The principle activity of Sarr Noke Hospitality Limited ("the Company") is that of hoteliers and restauranteurs. The Registered Office address is Noke Hotel, Watford Road, St Albans, AL2 3DS. The presentational and functional currency is GBP. These financial statements are rounded to the nearest £.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The company made a loss of £176,707 (2019: profit of £136,688) and had net current liabilities of £2,534,409 (2019: £2,519,857). The director has considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment. The director and shareholder of the company has confirmed his ability to support the company for at least 12 months from the date of signing off these financial statements. Based on these assessments and having regard to the resources available to the company, the director has concluded that there is no material uncertainty and that he can continue to adopt the going concern basis in preparing the financial statements.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2. Accounting policies (continued)

2.5 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.6 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.7 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Accounting policies (continued)

2.8 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method and reducing balance method.

Depreciation is provided on the following basis:

Plant and machinery	-	25%	reducing balance
Computer equipment	-	25%	straight line
Fixture and fittings	-	25%	reducing balance
Other fixed assets	-	25%	straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.9 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans 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.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 Creditors

Short term creditors 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.

2. Accounting policies (continued)

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.14 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when

2. Accounting policies (continued)

2.14 Financial instruments (continued)

there is an 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.

3. Employees

The average monthly number of employees, including directors, during the period was 2 (2019 - 2).

4. Intangible assets

	Intangible Assets £
Cost	
At 1 January 2020	**2,500**
At 31 March 2021	**2,500**
Amortisation	
At 1 January 2020	**2,500**
At 31 March 2021	**2,500**
Net book value	
At 31 March 2021	**-**
At 31 December 2019	-

5. Tangible fixed assets

	Plant and machinery	Fixtures and fittings	Computer equipment	Refurbishment costs	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2020	1,363,302	-	25,000	18,013	1,406,315
Additions	97,181	250	-	8,240	105,671
At 31 March 2021	1,460,483	250	25,000	26,253	1,511,986
Depreciation					
At 1 January 2020	812,613	-	20,312	-	832,925
Charge for the period on owned assets	228,033	31	4,688	-	232,752
At 31 March 2021	1,040,646	31	25,000	-	1,065,677
Net book value					
At 31 March 2021	419,837	219	-	26,253	446,309
At 31 December 2019	550,689	-	4,688	18,013	573,390

6. Investment property

	Freehold investment property
	£
Valuation	
At 1 January 2020	7,975,610
Transfers intra group	144,155
At 31 March 2021	8,119,765

The fair value of investment property has been established by the director on an open market basis as at 31 March 2021.

7. Debtors

	31 March 2021 £	31 December 2019 £
Amounts owed by group undertakings	**634,204**	154,167
Other debtors	**-**	12,102
Prepayments and accrued income	**1,062**	-
	635,266	166,269

8. Cash and cash equivalents

	31 March 2021 £	31 December 2019 £
Cash at bank and in hand	**17,824**	2,612
	17,824	2,612

9. Creditors: Amounts falling due within one year

	31 March 2021 £	31 December 2019 £
Bank loans	**206,812**	252,388
Trade creditors	**46,401**	7,028
Amounts owed to group undertakings	**316,769**	-
Corporation tax	**144**	-
Other taxation and social security	**58,727**	28,336
Other creditors	**2,529,143**	2,368,643
Accruals and deferred income	**29,503**	32,343
	3,187,499	2,688,738

10. Creditors: Amounts falling due after more than one year

	31 March 2021 £	31 December 2019 £
Bank loans	**6,591,172**	6,411,943
	6,591,172	6,411,943

Details of security provided:

A first debenture from the Company over all of its assets and undertaking.

A first legal charge from the Company over the investment property.

A cross guarantee between the Company and it's parent in favour of the Lender.

A first debenture from the parent over all of its assets and undertaking.

A joint and several personal guarantee from the director in respect of the obligations of the Company to the Lender (limited to £3.5 million).

A postponement of any shareholder loans of the Company in favour of the Lender.

11. Loans

Analysis of the maturity of loans is given below:

	31 March 2021 £	31 December 2019 £
Amounts falling due within one year		
Bank loans	**206,812**	252,388
	206,812	252,388
Amounts falling due 2-5 years		
Bank loans	**6,591,172**	6,411,943
	6,591,172	6,411,943
	6,797,984	6,664,331

12. Deferred taxation

	2021
	£
At beginning of year	**(6,129)**
At end of year	**(6,129)**

The provision for deferred taxation is made up as follows:

	31 March 2021	31 December 2019
	£	£
Accelerated capital allowances	**(6,129)**	(6,129)
	(6,129)	(6,129)

13. Share capital

	31 March 2021	31 December 2019
	£	£
Authorised, allotted, called up and fully paid		
1 Ordinary shares share of £1.00	**1**	1

14. Related party transactions

The Company has taken advantage of the exemption in FRS 102 and has therefore not disclosed transactions or balances with wholly owned subsidiary which form part of the group headed by SARR Hotels Noke Limited.

Amounts of £2,235,143 (2019: £2,285,143) included within other creditors related to shareholders' loans, which were interest free and repayable on demand.

Total amount of £294,000 (2019: £83,500) due to companies under common control was also included in other creditors which was interest free and repayable on demand.

15. Controlling party

There is no ultimate controlling party.