

Company Registration No. 11095894 (England and Wales)

CHAMPNEYS MARINE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020
PAGES FOR FILING WITH REGISTRAR



CHAMPNEYS MARINE LIMITED

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CHAMPNEYS MARINE LIMITED

BALANCE SHEET

AS AT 30 APRIL 2020

| | Notes | 2020 £ | £ | 2019 £ | £ |
|---|-------|-----------|-----------|-----------|-----------|
| Fixed assets | | | | | |
| Tangible assets | 3 | | 140,352 | | 138,121 |
| Current assets | | | | | |
| Stocks | | 304,396 | | 246,660 | |
| Debtors | 4 | 257,943 | | 281,240 | |
| Cash at bank and in hand | | 80,724 | | 116,019 | |
| | | 643,063 | | 643,919 | |
| Creditors: amounts falling due within one year | 5 | (889,821) | | (877,630) | |
| Net current liabilities | | | (246,758) | | (233,711) |
| Total assets less current liabilities | | | (106,406) | | (95,590) |
| Capital and reserves | | | | | |
| Called up share capital | 6 | | 100 | | 100 |
| Profit and loss reserves | | | (106,506) | | (95,690) |
| Total equity | | | (106,406) | | (95,590) |

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

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

The financial statements were approved by the board of directors and authorised for issue on 26 April 2021 and are signed on its behalf by:



Mrs D Purdew OBE
Director

Company Registration No. 11095894

CHAMPNEYS MARINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2020

1 Accounting policies

Company information

Champneys Marine Limited is a private company limited by shares incorporated in England and Wales. The registered office is Palladium House, 1-4 Argyll Street, London, United Kingdom, W1F 7LD.

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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. The principal accounting policies adopted are set out below.

1.2 Going concern

These financial statements show a net liabilities position of £106,406 (2019 - £95,590) and a net current liabilities position of £246,758 (2019 - £233,711). The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future due to the continued financial support of the company's parent undertaking and other companies in the group.

The Directors have carefully considered the position of the Company following the uncertainty created by the recent COVID -19 pandemic, which has caused significant disruption to the operations of the Company. Various operations have been fully or partially closed since 23rd March 2020 in line with Government guidance or policy.

All appropriate measures have been put in place to reduce the financial impact on the Company. The business has taken advantage of various government schemes to help it through this difficult period such as; Government job retention scheme, deferment of VAT and the business rates holiday.

The directors have prepared detailed Company and Group financial projections for 2020/21 and 2021/22. These projections are based on assumptions that the directors consider to be reasonable and achievable, and consider alternative scenarios to show the impact of COVID-19. As well as having on-going support from its banking partners, the parent company has taken Government backed CLBILS financing to ensure it has sufficient financial resources to meet its liabilities as they fall due. As at the time of approving the financial statements, the parent company has received additional loan financing of £14m and agreed a further £6m term loan in principle, all since the balance sheet date, and these has been factored into the forecasts.

Based upon these forecasts, the directors are confident that the company can continue to meet its obligations as they fall due. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

1.3 Turnover

Turnover represents sales to customers for Spa treatments, fitness club membership, accommodation, food and beverages, retail and related services at invoiced amounts less value added tax.

Revenue from the sale of Spa treatments and other related services is recognised when the service is provided and the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred in respect of the transaction can be measured reliably.

CHAMPNEYS MARINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

1 Accounting policies

(Continued)

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

1.4 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:

| | |
|-----------------------|----------------------------|
| Fixtures and fittings | 3 to 4 years straight line |
|-----------------------|----------------------------|

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

1.5 Impairment of fixed assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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 profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stock represents cosmetics, toiletries, spa treatment materials, base stock, food and beverages, and is valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less costs of disposal. Where necessary, provisions are made for obsolete, slow-moving and defective stock.

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.

CHAMPNEYS MARINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

1 Accounting policies

(Continued)

1.7 Cash and cash equivalents

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

1.8 Financial instruments

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

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

Financial assets and liabilities are offset, with 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.

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

1.9 Equity instruments

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

CHAMPNEYS MARINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

1 Accounting policies

(Continued)

1.10 Employee benefits

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

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

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

1.11 Retirement benefits

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

1.12 Government grants

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

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

2 Employees

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

| | 2020 Number | 2019 Number |
|-------|------------------------|------------------------|
| Total | <u>4</u> | <u>3</u> |

CHAMPNEYS MARINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

3 Tangible fixed assets

| | Fixtures and Fittings £ |
|------------------------------------|-------------------------------|
| Cost | |
| At 1 May 2019 | 182,631 |
| Additions | 56,923 |
| At 30 April 2020 | 239,554 |
| Depreciation and impairment | |
| At 1 May 2019 | 44,510 |
| Depreciation charged in the year | 54,692 |
| At 30 April 2020 | 99,202 |
| Carrying amount | |
| At 30 April 2020 | 140,352 |
| At 30 April 2019 | 138,121 |

4 Debtors

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Amounts falling due within one year: | | |
| Trade debtors | 149,797 | 98,721 |
| Other debtors | 108,146 | 182,519 |
| | 257,943 | 281,240 |

5 Creditors: amounts falling due within one year

| | 2020 £ | 2019 £ |
|------------------------------------|-----------|-----------|
| Trade creditors | 31,372 | 75,766 |
| Amounts owed to group undertakings | 845,177 | 745,553 |
| Taxation and social security | 3,156 | - |
| Other creditors | 10,116 | 56,311 |
| | 889,821 | 877,630 |

6 Called up share capital

| | 2020 £ | 2019 £ |
|--------------------------------|-----------|-----------|
| Ordinary share capital | | |
| Issued and fully paid | | |
| 100 Ordinary shares of £1 each | 100 | 100 |

CHAMPNEYS MARINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

6 Called up share capital

(Continued)

| 2020 | 2019 |
|------|------|
| £ | £ |

7 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was qualified and the auditor reported as follows:

Disclaimer of opinion

We were engaged to audit the financial statements of Champneys Marine Limited (the 'company') for the year ended 30 April 2020 which comprise , the balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

We do not express an opinion on the accompanying financial statements of the company. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The company's stock of cosmetics, toiletries, spa treatment materials and base stock is carried at £304,396 (2019 - £246,660) on the company's balance sheet, which represents over 47% (2019 - 40%) of the company's current assets as at 30 April 2020 and exceeds its reported net profit for the year then ended. We did not attend the company's year end stock count due to the Covid-19 pandemic lockdown preventing access to the cruise ships. At the previous period end, the predecessor auditors had not been appointed as auditors until after the year end and were unable to attend a stocktake as at 30 April 2019. As a result, we were unable to determine the existence and completeness of stock and whether any adjustments would be necessary for damaged, unsaleable or unusable stock. We were unable to satisfy ourselves by alternative means concerning the stock quantities held at 30 April 2020 and 30 April 2019.

The senior statutory auditor was James Leigh.

The auditor was Azets Audit Services.

8 Financial commitments, guarantees and contingent liabilities

The company is party to a cross guarantee for the bank borrowings of the group. The borrowings are secured by way of a fixed and floating charge over the assets of the company. At the year end the liabilities covered by these guarantees totalled £77,900,000 (2019: £72,500,000).

The health and spa services provided on-board cruise ships travelling to or within international waters have been treated as outside the scope of Output VAT in accordance with what was understood to be industry practice. At present the directors do not believe that Output VAT is payable but, following enquiries raised by HM Revenue and Customs and detailed research and analysis by its advisers, the directors recognise that due to a lack of clarity in UK VAT legislation and official published guidance from HM Revenue and Customs, there is sufficient uncertainty over the VAT treatment of health and spa services provided on-board cruise ships that were not this to be the case there would be a VAT liability in the region of £72,700 (2019 - £72,700).

CHAMPNEYS MARINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

9 Capital commitments

Amounts contracted for but not provided in the financial statements:

| | 2020 £ | 2019 £ |
|----------------------------------|-------------------|-------------------|
| Acquisition of intangible assets | - | 50,000 |
| | <u> </u> | <u> </u> |

10 Related party transactions

The company has taken advantage of the exemption available in FRS102 Section 33.1A "Related party disclosures" whereby it has not disclosed transactions with any other wholly owned subsidiary undertaking of the Champneys Henlow Limited group.

11 Parent company

The company is a subsidiary of Champneys Henlow Limited which is the immediate and ultimate parent company.

The largest and smallest group in which the results of the company are consolidated is that headed by Champneys Henlow Limited, incorporated in the UK. The consolidated accounts of this company are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The ultimate controlling party is the Purdew family.