Registration number: OC420889

Strathclyde Hotel LLP

REPORT & FINANCIAL STATEMENTS

For the year ended 31 March 2022

Strathclyde Hotel LLP
DESIGNATED MEMBERS AND ADVISERS

DESIGNATED MEMBERS
The Stellar (LP) Limited
Hetherley Capital Partners Limited

REGISTERED OFFICE
20 Chapel Street
Liverpool
L3 9AG

OPERATOR
Stellar Asset Management Limited
20 Chapel Street
Liverpool
L3 9AG

HOTEL MANAGER
Hetherley Capital Partners Limited
24 Old Bond Street
London
W1S 4AP

AUDITOR
Shipleys LLP
10 Orange Street
Haymarket
London
WC2H 7DQ

REGISTERED NUMBER
OC420889

The members present their report and audited financial statements of Strathclyde Hotel LLP for the year ended 31 March 2022.

PRINCIPAL ACTIVITIES

The principal activity of the LLP during the year under review was that of owning and operating a 120 bedroom hotel operating as a Holiday Inn Express in Strathclyde, Scotland.

MEMBERS

The following Designated Members have held office since 1 April 2021:

The Stellar (LP) Limited
Hetherley Capital Partners Limited

POLICY FOR DISTRIBUTIONS, CONTRIBUTIONS AND ALLOCATION OF PROFITS AND LOSSES

Policies for distributions, contributions and allocation of profits and losses are governed by the Members Agreement dated 17 May 2018.

AUDITOR

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

SMALL COMPANY EXEMPTIONS

The report has been prepared in accordance with the special provisions within Part 15 of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

The report was approved by the members of the LLP and signed on its behalf.

Jonathan Gain

Jonathan Gain
The Stellar (LP) Limited
Designated Member
31/3/2023

The Members are responsible for preparing the Members Report and the accounts in accordance with applicable laws and regulations. Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the 2008 Regulations) requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under the 2008 Regulations, the members 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 partnership and of the profit or loss of the partnership for that period.

In preparing those financial statements, the Members are required to:

a) Select suitable accounting policies and then apply them consistently;

b) Make judgements and accounting estimates that are reasonable and prudent; and

c) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

Under the 2008 Regulations the members are responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership and to enable it to ensure the financial statements comply with the Membership Agreement and the Companies Act 2006 as applied to limited partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. The Designated Members are also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the partnership's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the members are aware:

- there is no relevant audit information of which the Partnership's auditor is unaware; and

- the members have taken all steps that they should have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

These responsibilities are exercised by the Designated Members on behalf of the members.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRATHCLYDE HOTEL LLP

Opinion

We have audited the financial statements of Strathclyde Hotel LLP (the "limited liability partnership") for the year ended 31 March 2022 which comprise the Statement of Income and Retained Earnings, Balance Sheet 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 limited liability partnerships affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 limited liability partnership 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.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the limited liability partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The members 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.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of members

As explained more fully in the members' responsibilities statement set out on page 3, the members 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 members 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 members are responsible for assessing the limited liability partnerships' 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 members either intend to liquidate the limited liability partnership 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:

- We obtained an understanding of the limited liability partnerships' business, controls, legal and regulatory frameworks, laws and regulations and assessed the susceptibility of the limited liability partnerships' financial statements to material misstatement from irregularities, including fraud, are instances of non-compliance with laws and regulations.
- Based on this understanding we designed our audit procedures to detecting irregularities, including fraud. Testing undertaken included making enquiries on the management; journal entry testing; review of bank letters, board minutes and any correspondence received from regulatory bodies; reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

An auditor conducting an audit in accordance with ISAs (UK) is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error and in our audit procedures described above. Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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 limited liability partnerships' 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 limited liability partnerships' 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 limited liability partnerships and the limited liability partnerships' members as a body, for our audit work, for this report, or for the opinions we have formed.

Joseph Kinton (Senior Statutory Auditor)

For and on behalf of
Shipleys LLP
Chartered accountants & statutory auditor
10 Orange Street
Haymarket
London
WC2H 7DQ
31/3/2023

Strathclyde Hotel LLP

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	2022 £	2021 £
Turnover	2	1,983,725	679,958
Cost of sales		(597,234)	(372,048)
Gross profit		1,386,491	307,910
Administrative expenses		(1,149,348)	(552,857)
Other operating income	2	32,005	341,680
Operating Profit	3	269,148	96,733
Interest payable and similar charges	4	(88,365)	(95,767)
Profit on ordinary activities before members' remuneration and profit shares		180,783	966
Profit for the financial year available for discretionary division among members		180,783	966

No separate statement of total recognised gains and losses has been presented as all such gains and losses have been dealt with in the statement of comprehensive income.

Strathclyde Hotel LLP

STATEMENT OF FINANCIAL POSITION (Registration number: OC420889)

As at 31 March 2022

	Notes	2022	2021
		£	£
Fixed assets			
Tangible assets	6	7,040,342	7,020,165
		7,040,342	7,020,165
Current assets			
Stock	7	2,103	2,103
Debtors	8	141,359	299,500
Cash at bank		291,844	128,261
		435,306	429,864
Creditors: amounts falling due within one year	9	(516,056)	(3,533,249)
Net current liabilities		(80,750)	(3,103,385)
Creditors: amounts falling due after more than one year	10	(2,941,012)	(50,000)
Total assets less liabilities		4,018,580	3,866,780
Loans and other debts due to members			
Members' capital classified as equity	11	3,673.529	3,702,512
Other Reserves	11	345,051	164,268
Total members' interests		4,018,580	3,866,780

The financial statements of Strathclyde Hotel LLP, which have been prepared in accordance with the provisions applicable to LLPs subject to the small LLPs regime, were approved by the members of the LLP and on 31/3/2023 and signed on its behalf.

Jonathan Gain

Jonathan Gain
For and on behalf of The Stellar (LP) Limited
Designated Member

The notes form part of these financial statements.

1. ACCOUNTING POLICIES

GENERAL INFORMATION

Strathclyde Hotel LLP ("the LLP") is a Limited Liability Partnership and is incorporated in England.

The registered office address of the LLP is presented on page 1 to these financial statements under Designated Members and Advisers.

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" (published January 2017). 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.

Monetary amounts in these financial statements are rounded to the nearest £, except where otherwise indicated.

GOING CONCERN

The financial statements have been prepared on a going concern basis, which assumes the LLP will continue to be able to meet its liabilities as they fall due for the foreseeable future.

As at the 31 March 2022, the LLP had net assets of £4.0 million and cash/cash equivalents of £292k. The LLP entered into a bank loan agreement of £2.7million in 2018, a bank loan agreement of £298k in 2019 and a Covid bounce back loan of £50k in 2020 with AIB bank. During the year ended 31 March 2022, AIB bank agreed to waive the debt service cover covenants relating to the first two loans. In July 2022 Allica bank acquired the debt from AIB. Allica bank has been very supportive and confirmed there are no concerns regarding existing bank covenants in place.

Given the LLP's strong financial performance and recovery from the lifting of Covid-restrictions, the Members expect the LLP will continue to meet its financial liabilities as they fall due. In coming to this conclusion, the Members note that forecasts are projected to more than cover budgeted expenses for this year. The Members therefore consider it appropriate that these financial statements are prepared on a going concern basis. Whilst it is difficult to evaluate the likely effect on the LLP's trade, customers, suppliers, employees and the wider economy, the Members have assessed sufficient publicly available information to conclude that the LLP is a going concern.

TURNOVER

Turnover represents income receivable from hotel operations during the year, excluding value added tax. The LLP's turnover was all derived from its principal activity wholly undertaken within the United Kingdom.

OTHER OPERATING INCOME

During the period the LLP received government assistance in the form of Job Retention Scheme (JRS) grant income and local authority grant income. Grant income has been recognised in the period to which it relates

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost, net of depreciation and any impairment losses. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Land and buildings	Not depreciated as noted below	
Plant and equipment	5 years	Straight line
Furniture and fittings	3-10 years	Straight line
IT Equipment	3 years	Straight line

Land and buildings relate to the hotel inclusive of all associated acquisition costs and trade furniture, furnishings and equipment.

The members have not depreciated land and buildings as they consider the depreciation charge to be immaterial due to the very long useful economic lives.

STOCK

Stock is stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

TAXATION

No provision is made in the accounts for taxation. The Partnership is not liable for any tax liabilities arising out of the partners' interests in the Partnership, which are assessed on the individual partners.

PENSION COSTS

The company operates a defined contribution plan for its employees. Once the contributions have been paid the company has no further payments obligations. The contributions are recognised as expenses when they fall due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The following judgements (apart from those involving estimates) have been made:

For the main hotel no depreciation is charged. A critical judgement is the view of management that the economic life of these assets is extensive, meaning any depreciation charge would be immaterial.

MEMBERS' PARTICIPATION RIGHTS

The members' participation rights are the rights of a member against the LLP that arise under the Members' Agreement (for example, in respect of amounts subscribed or otherwise contributed, remuneration and profits).

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with section 22 of FRS 102. A members' participation right results in a liability unless the right to any payment is discretionary on the part of the LLP

Amounts subscribed or otherwise contributed by members, for example members' capital, are classed as equity if the LLP has an unconditional right to refuse payment to limited partners. If the LLP does not have such an unconditional right, such amounts are classified as liabilities.

Where profits are automatically allocated as they arise, so the LLP does not have an unconditional right to refuse payment, the amounts arising that are due to members are in the nature of liabilities. They are therefore treated as an expense in the profit and loss account in the relevant year. To the extent that they remain unpaid at the year end, they are shown as liabilities in the balance sheet.

Conversely, where profits are divided only after a decision by the LLP or its representative, so that the LLP has an unconditional right to refuse payment, such profits are classed as an appropriation of equity rather than as an expense. They are therefore shown as a residual amount available for discretionary division among members in the profit and loss account and are equity appropriations in the balance sheet.

2. INCOME

The LLP's income is derived from its principal activities. All income is derived from the United Kingdom and is made up as follows:

	2022 £	2021 £
Hotel operations revenue	1,983,725	679,958

OTHER OPERATING INCOME

Grant income	31,550	41,030
Insurance income	-	250,000
Furlough income	455	50,650
	32,005	341,680

3. OPERATING PROFIT

	2022	2021
	£	£
The operating profit is stated after charging:		
Auditors' remuneration	8,750	8,500
Depreciation charge on owned assets	15,803	12,510

Staff costs expensed during the period:		
Wage and Salaries	336,200	293,348
Social security costs	21,540	20,119
Pension costs	6,741	5,665
	364,481	319,132

The average number of employees during the year was 20 (2021: 17).

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2022	2021
	£	£
Bank interest payable	88,365	95,767

5. INFORMATION IN RELATION TO MEMBERS

	2022	2021
	No.	No.
The average number of members during the year was	162	160
	£	£
Profit attributable to the member with the largest share	13,897	76

Profits are divided according to the signed Members' Agreement. Other than the automatic division of profits, the members do not receive any remuneration from the partnership.

6. FIXED ASSETS

	Land and Buildings £	Plant and Equipment £	Fixtures & Fittings £	IT Equipment £	Total £
Cost					
At 31 March 2021	6,984,276	3,015	43,075	9,494	7,039,860
Additions	3,666	25,892	5,013	1,409	35,980
At 31 March 2022	6,987,942	28,907	48,088	10,903	7,075,840
Depreciation					
At 31 March 2021	-	(700)	(11,110)	(7,885)	(19,695)
Charge for the year	-	(4,525)	(9,276)	(2,002)	(15,803)
At 31 March 2022	-	(5,225)	(20,386)	(9,887)	(35,498)
Net Book Value					
At 31 March 2022	6,987,942	23,682	27,702	1,016	7,040,342
At 31 March 2021	6,984,276	2,315	31,965	1,609	7,020,165

The residual value of the property is considered to be high, due in part to the fact that it is subject to a repair and maintenance programme and is therefore unlikely to suffer from technological or economic obsolescence. Accordingly, the Members consider the depreciation charge for the year, on a cumulative basis, to be immaterial. The LLP has not applied a policy of revaluation.

7. STOCK

	2022 £	2021 £
Raw materials and consumables	2,103	2,103

8. DEBTORS

	2022 £	2021 £
Trade debtors	82,321	15,708
Other debtors	27,479	15,549
Prepayments and accrued income	31,559	268,243
	141,359	299,500

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Bank loans	173,750	3,243,819
Trade creditors	153,281	129,544
Other creditors	129,708	105,334
Accruals and deferred income	52,833	48,613
Other taxes and social securities	6,484	5,939
	516,056	3,533,249

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022 £	2021 £
Bank loans and overdrafts	2,941,012	50,000
	2,941,012	50,000

The bank loan is secured over Strathclyde Hotel and all of the assets of the LP. The loan facility had been treated as short term in prior year because of a bank covenant breach making the loan repayable on demand.

11. RECONCILIATION OF MOVEMENT IN MEMBERS' INTEREST

	EQUITY	DEBT		
	Members' Capital £	Other Reserves £	Total Members' Interests £	Total Members' Interests 2021 £
Members' interests at 1 April 2021 (as restated)	3,702,512	164,268	3,866,780	3,815,802
Decrease in members' capital	(28,983)	-	(28,983)	50,012
Profit for the financial year available for discretionary division among members	-	180,783	180,783	966
Members' interests at 31 March 2022	3,673,529	345,051	4,018,580	3,866,780

12. RELATED PARTY TRANSACTIONS

Management fees were paid to Stellar Asset Management Limited, which has similar directors and members as the designated member, in the period totalling £39,608 (2021: £40,939).

Monitoring fees were paid to Hetherley Capital Partners Limited of £20,000 (2021: £20,000).

In 2021 funds discretionary managed by Stellar Asset Management Limited provided working capital advances of £250,000 to Strathclyde Hotel LLP. At the year end £100,000 was owed by Strathclyde Hotel LLP.

13. ULTIMATE CONTROLLING PARTIES

The ultimate controlling parties are the members of Strathclyde Hotel LLP.