

Company registration number 05400112 (England and Wales)

CITY AND COUNTRY HOTELS LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

CITY AND COUNTRY HOTELS LTD

COMPANY INFORMATION

Directors	K.M. Affara T. Affara
Company number	05400112
Registered office	11 Berkeley Street London W1J 8DS
Auditor	Higgisons Higgison House 381-383 City Road London EC1V 1NW

CITY AND COUNTRY HOTELS LTD

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3
Directors' responsibilities statement	4
Independent auditor's report	5 - 7
Income statement	8
Statement of comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13 - 20

CITY AND COUNTRY HOTELS LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present the strategic report for the year ended 31 March 2023.

Fair review of the business

City and Country Hotels is a UK based hotel group, currently operating four UK properties.

Ten Manchester Street – London.

A Boutique 4* hotel in Marylebone popular with both business and leisure guests.

The Wellesley - London

A Luxury 5* hotel in Knightsbridge with an international clientele. This hotel is renowned for having one of the most comprehensively stocked humidor in the world, and a wide selection of high end wine and spirits.

The Royal Hotel – Cardiff

A modern and vibrant City Centre hotel with a good business base. The hotel benefits from the nearby rugby stadium and event spaces within the city centre.

The Langley – Bucks.

A grade 2 listed mansion, and the former hunting lodge of the Duke of Marlborough opened in June 2019.

The Langley Hotel and Spa has grounds originally designed by Capability Brown, and has a 22,000 foot square spa and gym. Like The Wellesley, The Langley is part of Marriott Hotels Luxury Collection portfolio. The Langley has some excellent event spaces and attracts a number of exclusive use events, and is seeing some excellent growth in corporate business. Due to it's close proximity to Heathrow airport, The Langley also benefits from travellers coming into and out of the UK.

Like most hotels, our portfolio has seen some significant growth in room rates post Covid, which continue into 2023 and 2024.

CITY AND COUNTRY HOTELS LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Principal risks and uncertainties

Principle Risks and Uncertainties.

Risk: UK Terrorism threats has an impact on London Hotel trading.

Mitigation: This threat has historically had a short term but noticeable effect on trading. Since Joining The Marriott Luxury Collection, we have seen an overall increase in occupancy levels driven by a wider international market at The Wellesley Hotel.

Risk : Uncertain Economic Climate and increasing interest rates may have an adverse effect on trading.

Mitigation: Our London hotels, having a large international business pool, continue to trade well, with revenues consistently up year on year. The weaker pound continues to drive high levels of leisure business into our properties, predominantly from outside of the UK. A strengthening of the pound could have an adverse impact on inbound leisure business. Marriott delivers good levels of business into our 5 star hotels from outside the UK.

Risk: Reputational damage due to Health and Safety failures.

Mitigation : City and Country Hotels has a robust Health and Safety policy, with working practices monitored by a professional external source, who also carry out unannounced audits. The company also invests in training to ensure that it's staff are aware of health and safety requirements, and are aware of the correct procedures regarding the storage, handling and preparation of food.

Risk: Cyber Attack , breakdown in IT infrastructure, Data Breach.

Mitigation: The company invests heavily in IT systems, and recognises the need for continued investment in order to not only retain a competitive edge, but also to protect against virus or cyber attack. The company works with various IT professionals and industry leaders to protect its systems and stored data from attack, and also to ensure that we has the necessary backup and redundancy in place.

On behalf of the board

T. Affara

Director

21 December 2023

CITY AND COUNTRY HOTELS LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Principal activities

The principal activity of the company continued to be the provision of hotel services.

Results and dividends

The results for the year are set out on page 8.

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

Directors

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

K.M. Affara

T. Affara

Auditor

The auditor, Higgsons, 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 company's auditor 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 company's auditor is aware of that information.

On behalf of the board

T. Affara

Director

21 December 2023

CITY AND COUNTRY HOTELS LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

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 company and of the profit or loss of the company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CITY AND COUNTRY HOTELS LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CITY AND COUNTRY HOTELS LTD

Opinion

We have audited the financial statements of City and Country Hotels Ltd (the 'company') for the year ended 31 March 2023 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the 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 Financial Reporting Standard 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 company's affairs as at 31 March 2023 and of its profit 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.

Material Uncertainty Related to Going Concern

In auditing the financial statements, we have concluded that the directors' 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 company'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 directors 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 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.

CITY AND COUNTRY HOTELS LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CITY AND COUNTRY HOTELS LTD

Matters on which we are required to report by exception

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

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
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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 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.

We obtained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focused on laws and regulations which could give rise to a material misstatement in the financial statements, including but not limited to, the Companies Act 2006, UK tax legislation, Health and Safety Laws and the Trading Act. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and a review of legal and professional matters. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion or misrepresentation.

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.

CITY AND COUNTRY HOTELS LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CITY AND COUNTRY HOTELS LTD

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.

Ian Shillinglaw (Senior Statutory Auditor)
For and on behalf of Higgisons

21 December 2023

Chartered Accountants
Statutory Auditor

Higgison House
381-383 City Road
London
EC1V 1NW

CITY AND COUNTRY HOTELS LTD

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Turnover		18,364,067	13,154,599
Cost of sales		(10,666,589)	(9,184,999)
Gross profit		7,697,478	3,969,600
Administrative expenses		(6,985,117)	(4,507,828)
Profit/(loss) before taxation		712,361	(538,228)
Tax on profit/(loss)	5	-	-
Profit/(loss) for the financial year		712,361	(538,228)

The income statement has been prepared on the basis that all operations are continuing operations.

CITY AND COUNTRY HOTELS LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
Profit/(loss) for the year	712,361	(538,228)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>712,361</u>	<u>(538,228)</u>

CITY AND COUNTRY HOTELS LTD

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	6		186,174		159,251
Current assets					
Stocks	7	1,871,168		1,924,105	
Debtors	8	584,884		1,335,997	
Cash at bank and in hand		327,415		636,206	
		<u>2,783,467</u>		<u>3,896,308</u>	
Creditors: amounts falling due within one year	9	<u>(5,176,786)</u>		<u>(6,975,065)</u>	
Net current liabilities			<u>(2,393,319)</u>		<u>(3,078,757)</u>
Net liabilities			<u>(2,207,145)</u>		<u>(2,919,506)</u>
Capital and reserves					
Called up share capital	11		2		2
Profit and loss reserves			<u>(2,207,147)</u>		<u>(2,919,508)</u>
Total equity			<u>(2,207,145)</u>		<u>(2,919,506)</u>

The financial statements were approved by the board of directors and authorised for issue on 21 December 2023 and are signed on its behalf by:

T. Affara
Director

Company Registration No. 05400112

CITY AND COUNTRY HOTELS LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Share capital	Profit and loss reserves	Total
Notes	£	£	£
Balance at 1 April 2021	2	(2,381,280)	(2,381,278)
Year ended 31 March 2022:			
Loss and total comprehensive income for the year	-	(538,228)	(538,228)
Balance at 31 March 2022	2	(2,919,508)	(2,919,506)
Year ended 31 March 2023:			
Profit and total comprehensive income for the year	-	712,361	712,361
Balance at 31 March 2023	2	(2,207,147)	(2,207,145)

CITY AND COUNTRY HOTELS LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	14		(228,003)		381,091
Investing activities					
Purchase of tangible fixed assets		(80,790)		(24,100)	
Proceeds on disposal of tangible fixed assets		-		83,333	
Net cash (used in)/generated from investing activities			(80,790)		59,233
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(308,793)		440,324
Cash and cash equivalents at beginning of year			636,206		195,881
Cash and cash equivalents at end of year			327,415		636,206

CITY AND COUNTRY HOTELS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

City and Country Hotels Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 11 Berkeley Street, London, W1J 8DS.

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.

1.2 Going concern

At the balance sheet date the company's liabilities exceeded its assets by £2,207,145 (2022 - £2,919,506). However the Directors believe that the company's trading results will improve and in the meantime it will continue to receive the support of its creditors. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of this support.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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, fittings & equipment	20% reducing balance
Plant and machinery	33.3% 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.

CITY AND COUNTRY HOTELS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

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 is valued at the lower of cost and net realisable value.

1.7 Cash at bank and in hand

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 statement of financial position 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.

CITY AND COUNTRY HOTELS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

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.

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 company 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 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.

Derecognition of financial liabilities

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

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.

1.10 Taxation

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

CITY AND COUNTRY HOTELS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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 company'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 income statement, 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 when the company has 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.

1.11 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.

1.12 Retirement benefits

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

1.13 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 leases asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

CITY AND COUNTRY HOTELS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

2 Judgements and key sources of estimation uncertainty

In the application of the company'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.

3 Operating profit/(loss)

	2023	2022
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange losses	21,736	3,092
Fees payable to the company's auditor for the audit of the company's financial statements	15,000	13,000
Depreciation of owned tangible fixed assets	53,866	113,300
Profit on disposal of tangible fixed assets	-	(62,070)
Operating lease charges	2,392,595	1,063,594

4 Employees

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

	2023	2022
	Number	Number
Number of employees	249	232
Wages and salaries	1,358,298	917,896
Social security costs	644,313	600,104
Pension costs	100,823	96,609

CITY AND COUNTRY HOTELS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

5 Taxation

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

	2023 £	2022 £
Profit/(loss) before taxation	712,361	(538,228)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	135,349	(102,263)
Tax effect of utilisation of tax losses not previously recognised	(135,349)	-
Other tax adjustments	-	102,263
Taxation charge for the year	-	-

6 Tangible fixed assets

	Fixtures, fittings & equipment £	Plant and machinery £	Total £
Cost			
At 1 April 2022	525,977	544,628	1,070,605
Additions	41,672	39,118	80,790
At 31 March 2023	567,649	583,746	1,151,395
Depreciation and impairment			
At 1 April 2022	385,053	526,302	911,355
Depreciation charged in the year	36,526	17,340	53,866
At 31 March 2023	421,579	543,642	965,221
Carrying amount			
At 31 March 2023	146,070	40,104	186,174
At 31 March 2022	140,924	18,327	159,251

7 Stocks

	2023 £	2022 £
Raw materials and consumables	1,871,168	1,924,105

CITY AND COUNTRY HOTELS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

8 Debtors

	2023	2022
	£	£
Amounts falling due within one year:		
Trade debtors	331,198	251,122
Other debtors	8,146	94,594
Prepayments and accrued income	245,540	990,281
	<u>584,884</u>	<u>1,335,997</u>

9 Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	3,514,223	4,598,372
Taxation and social security	649,379	1,728,545
Other creditors	72,876	49,455
Accruals and deferred income	940,308	598,693
	<u>5,176,786</u>	<u>6,975,065</u>

10 Retirement benefit schemes

	2023	2022
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	100,823	96,609
	<u>100,823</u>	<u>96,609</u>

11 Share capital

	2023	2022	2023	2022
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	2	2	2	2
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

12 Operating lease commitments

Lessee

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

	2023	2022
	£	£
Total outstanding commitments	<u>3,000,000</u>	<u>3,060,000</u>

CITY AND COUNTRY HOTELS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

13 Ultimate controlling party

The company is controlled by the directors, K M Affara and T Affara.

14 Cash generated from operations

	2023 £	2022 £
Profit/(loss) for the year after tax	712,361	(538,228)
Adjustments for:		
Gain on disposal of tangible fixed assets	-	(62,070)
Depreciation and impairment of tangible fixed assets	53,866	113,300
Movements in working capital:		
Decrease in stocks	52,937	104,531
Decrease/(increase) in debtors	751,113	(569,838)
(Decrease)/increase in creditors	(1,798,280)	1,333,395
Cash (absorbed by)/generated from operations	(228,003)	381,090

15 Analysis of changes in net funds

	1 April 2022 £	Cash flows £	31 March 2023 £
Cash at bank and in hand	636,206	(308,791)	327,415

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.