

Dunbobbin Hotels Limited
Unaudited Financial Statements
31 December 2018



Dunbobbin Hotels Limited

Contents

Accountants' Report	<u>1</u>
Balance Sheet	<u>2</u>
Notes to the Financial Statements	<u>4</u>

**Chartered Accountants' Report to the Board of Directors on the Preparation of the
Unaudited Statutory Accounts of
Dunbobbin Hotels Limited
for the Year Ended 31 December 2018**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the accounts of Dunbobbin Hotels Limited for the year ended 31 December 2018 as set out on pages 2 to 11 from the company's accounting records and from information and explanations you have given us.

As a member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/membershandbook>.

This report is made solely to the Board of Directors of Dunbobbin Hotels Limited, as a body, in accordance with the terms of our engagement letter dated 21 January 2013. Our work has been undertaken solely to prepare for your approval the accounts of Dunbobbin Hotels Limited and state those matters that we have agreed to state to the Board of Directors of Dunbobbin Hotels Limited, as a body, in this report in accordance with ICAEW Technical Release 07/16 AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Dunbobbin Hotels Limited and its Board of Directors as a body for our work or for this report.

It is your duty to ensure that Dunbobbin Hotels Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profit of Dunbobbin Hotels Limited. You consider that Dunbobbin Hotels Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the accounts of Dunbobbin Hotels Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

Dodd & Co Limited

Chartered Accountants
FIFTEEN Rosehill
Montgomery Way
Rosehill Estate
CARLISLE
CA1 2RW

27 June 2019

Dunbobbin Hotels Limited

(Registration number: 04039775)
Balance Sheet as at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	<u>4</u>	17,500	27,500
Tangible assets	<u>5</u>	2,140,884	2,106,909
		<u>2,158,384</u>	<u>2,134,409</u>
Current assets			
Stocks		20,000	21,500
Debtors	<u>6</u>	99,790	33,608
Cash and cash equivalents		90,073	242,839
		<u>209,863</u>	<u>297,947</u>
Creditors: Amounts falling due within one year	<u>7</u>	(584,294)	(712,965)
Net current liabilities		<u>(374,431)</u>	<u>(415,018)</u>
Total assets less current liabilities		1,783,953	1,719,391
Creditors: Amounts falling due after more than one year	<u>7</u>	(999,846)	(1,014,318)
Provisions for liabilities		<u>(152,299)</u>	<u>(137,328)</u>
Net assets		<u>631,808</u>	<u>567,745</u>
Capital and reserves			
Allotted, called up and fully paid share capital		4,000	4,000
Profit and loss account		627,808	563,745
Total equity		<u>631,808</u>	<u>567,745</u>

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

Dunbobbin Hotels Limited

(Registration number: 04039775)

Balance Sheet as at 31 December 2018 (continued)

For the financial year ending 31 December 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 27 June 2019 and signed on its behalf by:

.....

M Dunbobbin

Director

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

Dunbobbin Hotels Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:
Appleby Manor Country House Hotel
Roman Road
APPLEBY-IN-WESTMORLAND
CA16 6JB

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The company has net current liabilities at 31 December 2018 and meets its day to day working capital requirements through its bank overdraft facility which, in common with all such facilities, is repayable on demand. In addition, other investors and the company's parent company have provided financial support by way of short term loans. On the basis of this support, the directors consider it appropriate to prepare the financial statements on the going concern basis. However, should the company not have the support of its bankers, other investors and parent company and therefore be unable to continue trading, adjustments would have to be made to reduce the value of assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify fixed assets and long term liabilities as current assets and current liabilities.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the company's activities.

Other grants

Other grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets on a basis consistent with the depreciation policy.

Dunbobbin Hotels Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

Tax

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

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

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings	2% straight line basis
Plant and equipment	15% reducing balance basis
Furniture, fittings and office equipment	15% reducing balance and 33% straight line basis

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	straight line basis over 20 years

Dunbobbín Hotels Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

The director reviewed the valuation of goodwill on 1 January 2015, the date on which Financial Reporting Standard 102 was implemented. At that date the director was of the opinion that the goodwill had a remaining useful economic life to the company of at least the five years and nine months it had remaining under its estimated useful life of twenty years. Goodwill therefore continues to be amortised over its original twenty year estimated useful economic life.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for the sale of goods or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method where due after more than one year.

Dunbobbin Hotels Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 61 (2017 - 61).

Dunbobbin Hotels Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

4 Intangible assets

	Goodwill £	Total £
Cost or valuation		
At 1 January 2018	200,000	200,000
At 31 December 2018	200,000	200,000
Amortisation		
At 1 January 2018	172,500	172,500
Amortisation charge	10,000	10,000
At 31 December 2018	182,500	182,500
Carrying amount		
At 31 December 2018	17,500	17,500
At 31 December 2017	27,500	27,500

5 Tangible assets

	Land and buildings £	Plant and equipment £	Furniture, fittings and office equipment £	Total £
Cost or valuation				
At 1 January 2018	2,223,343	191,021	696,292	3,110,656
Additions	5,930	258	137,937	144,125
At 31 December 2018	2,229,273	191,279	834,229	3,254,781
Depreciation				
At 1 January 2018	505,695	106,883	391,169	1,003,747
Charge for the year	44,535	12,647	52,968	110,150
At 31 December 2018	550,230	119,530	444,137	1,113,897
Carrying amount				
At 31 December 2018	1,679,043	71,749	390,092	2,140,884
At 31 December 2017	1,717,648	84,138	305,123	2,106,909

Dunbobbin Hotels Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

6 Debtors

	2018 £	2017 £
Trade debtors	15,654	14,355
Other debtors	84,136	19,253
	<u>99,790</u>	<u>33,608</u>

7 Creditors

	Note	2018 £	2017 £
Due within one year			
Loans and borrowings	<u>8</u>	79,537	115,945
Trade creditors		141,366	48,621
Amounts owed to group undertakings and undertakings in which the company has a participating interest		229,293	362,422
Taxation and social security		37,931	63,977
Corporation tax liability		11,393	26,682
Other creditors		84,774	95,318
		<u>584,294</u>	<u>712,965</u>
Due after one year			
Loans and borrowings	<u>8</u>	998,504	1,012,739
Other creditors		1,342	1,579
		<u>999,846</u>	<u>1,014,318</u>

8 Loans and borrowings

	2018 £	2017 £
Current loans and borrowings		
Bank borrowings	79,537	62,569
Other borrowings	-	53,376
	<u>79,537</u>	<u>115,945</u>

Current loans and borrowings includes the following liabilities, on which security has been given by the company:

	2018 £	2017 £
Bank borrowings	<u>79,537</u>	<u>62,569</u>

Bank borrowings are secured by fixed and floating charges over the company's assets.

Dunbobbin Hotels Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

	2018 £	2017 £
Non-current loans and borrowings		
Bank borrowings	869,867	633,361
Other borrowings	128,637	379,378
	<u>998,504</u>	<u>1,012,739</u>

Non-current loans and borrowings includes the following liabilities, on which security has been given by the company:

	2018 £	2017 £
Bank borrowings	869,867	633,361
Other borrowings	128,637	379,378
	<u>998,504</u>	<u>1,012,739</u>

Bank borrowings are secured by fixed and floating charges over the company's assets.

Other borrowings are secured by a legal charge over the company's freehold property and its fixtures and fittings.

9 Financial commitments, guarantees and contingencies

Amounts not provided for in the balance sheet

The total amount of financial commitments not included in the balance sheet is £1,537 (2017 - £6,611). The company has entered into operating leases which are secured against the assets to which they relate.

The total amount of guarantees not included in the balance sheet is £726,989 (2017 - £791,508). The company has granted an unlimited inter company composite guarantee to secure the bank facilities of its parent company, Eden Valley Hotels Limited.

Dunbobbin Hotels Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

10 Related party transactions

Transactions with directors

	At 1 January 2018 £	Advances £	Repayments £	Other payments £	Dividends credited £	Interest £	At 31 December 2018 £
2018							
M Dunbobbin							
Loan to director	-	69,450	(35,014)	-	-	367	34,803
A Dunbobbin							
Loan to director	-	69,450	(35,014)	-	-	367	34,803

Directors' advances are repayable on demand.

Interest has been charged at a rate of 2.5% on advances to directors.

11 Parent and ultimate parent undertaking

The company's immediate parent is Eden Valley Hotels Limited, incorporated in England and Wales.

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.