

Company registration number 01561540 (England and Wales)

**REVIEW HOTELS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

# REVIEW HOTELS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	MPR Kean NG Byrne Ms R Kean
<b>Company number</b>	01561540
<b>Registered office</b>	Fairacres Stock Lane Ingatestone Essex CM4 9QL
<b>Auditor</b>	Rickard Luckin Limited 1st Floor County House 100 New London Road Chelmsford Essex CM2 0RG
<b>Business address</b>	Bedford Lodge Hotel Bury Road Newmarket Suffolk CB8 7BX
<b>Bankers</b>	Handelsbanken Greenwood House 91-99 New London Road Chelmsford Essex CM2 0PP

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# REVIEW HOTELS LIMITED

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# REVIEW HOTELS LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 MARCH 2022**

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The directors present the strategic report for the year ended 31 March 2022.

### **Fair review of the business**

The company has had a positive trading year following on from previous trading results which saw a significant impact from the Covid 19 pandemic, as illustrated in the comparative financials presented.

The company's main trading site, The Bedford Lodge Hotel, was closed for a large part of the previous year as a result of the numerous lock down periods but on re-opening in the current year has traded positively. The company was due to refurbish and extend The Rutland Arms site, however this has seen delays due to the impact of the pandemic. As such work has been completed to a stage at which the project can now be put on hold. The Rutland Arms site has therefore been closed for the entire trading period.

Prior to the pandemic a "normal" trading year would usually see turnover in excess of £7m. Whilst the company has not seen a return to these trading levels it has seen turnover in the year rise back to £5.5m.

The directors have continued to manage operations in an efficient manner, to mitigate costs without undermining the service offered to customers, and have accessed support measures in the period where these have been available.

### **Principal risks and uncertainties**

The key business risk affecting the company is considered to be the current economic outlook for businesses in the hospitality and leisure sector and the wider economy. Customers are returning to the hotel post pandemic and there are positive trading signs, however there is the risk that some customers will adjust their discretionary spend as a result of broader increased living costs. The directors are mitigating the impact of this to the greatest extent possible through careful management of business operations and ensuring that spending within the business is carefully managed.

The management of the business is subject to a number of other risks, these are reviewed by the board and appropriate processes put in place to monitor and mitigate them.

### **Development and performance**

Following a difficult couple of trading years the directors feel that they have done everything possible to mitigate the impact on the business and are pleased to be able to report a profit for the current period. Fairacres Group Limited, the Group holding company, considers the business as a long term part of their future strategy and will not seek repayment of their loan in the foreseeable future.

The directors are confident that there remains consumer demand which will result in continued positive trading and that the offering the hotel presents ensures the business is best placed in the local market. It is hoped that the business will be able to return to pre pandemic levels of trading activity, so long as consumer confidence remains and people retain an acceptable level of disposal income. The focus for the business over the coming year will be to ensure that The Bedford Lodge Hotel delivers an excellent service to its customers and the company is able to deliver positive trading results.

## **REVIEW HOTELS LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2022***

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#### **Key performance indicators**

The directors monitor progress on overall strategy by reference to two key performance indicators.

Performance during the period is set out below:

Bedford Lodge room occupancy 54.6% (2021: 10.0%)

Rutland Arms room occupancy Nil% (2021: Nil%)

The Bedford Lodge Hotel was closed for large parts of 2020/21 due to Covid-19 restrictions and The Rutland Arms Hotel was closed for refurbishment from December 2019. Whilst occupancy is not at its pre-pandemic levels the directors are pleased with the levels recorded at Bedford Lodge in the current year.

Gross margin 45.7% profit (2021: 50.6% loss). The company was previously reflecting a gross loss on the basis of continuing to show relevant employee wages and salaries and associated costs in cost of sales. As disclosed in the financial statements the business continued to receive some funds through the Coronavirus Job Retention Scheme and this income is included in other income. As a result the gross margin for the year is therefore not reflective of any normal trading conditions. The gross margin has returned to a profit position based on the increased trading during the year and careful management of costs.

On behalf of the board

MPR Kean  
**Director**

8 September 2022

# REVIEW HOTELS LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 MARCH 2022**

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The directors present their fortieth annual report and the audited financial statements of the company for the year ended 31 March 2022.

### **Principal activities**

The principal activity of the company during the period continued to be that of an hotelier.

### **Directors**

MPR Kean

NG Byrne

Ms R Kean

### **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' insurance**

A directors' indemnity insurance policy exists in the form of a combined insurance policy across the group.

### **Financial instruments**

#### ***Liquidity risk***

The company has an overdraft facility with Svenska Handelsbanken AB which is guaranteed by all other group companies through the inter company cross guarantee structure. The company is satisfied that it can operate within that facility. The net overdraft indebtedness of the group companies at the year end was £Nil (2021: £17,367).

#### ***Interest rate risk***

The company is exposed to cash flow interest rate risk on its bank overdraft. The company has an overdraft agreement in place to reduce its exposure to changes in interest rates.

#### ***Credit risk***

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

## **REVIEW HOTELS LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2022***

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#### **Statement of directors' responsibilities**

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.

#### **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

MPR Kean

**Director**

8 September 2022

# REVIEW HOTELS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF REVIEW HOTELS LIMITED

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#### Opinion

We have audited the financial statements of Review Hotels Limited (the 'company') for the year ended 31 March 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity 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 2022 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 relating to going concern

We draw attention to note 1.2 in the financial statements, which indicates that the company's liabilities exceeded its total assets by £8,790,321 as at 31 March 2022. As stated in note 1.2, this position, along with other conditions set out therein, indicate that a material uncertainty exists that may cast doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### 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.



## **REVIEW HOTELS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF REVIEW HOTELS LIMITED**

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#### **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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

#### **Capability of the audit in detecting irregularity, including fraud**

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our: general commercial and sector experience; through verbal and written communications with those charged with governance and other management; and via inspection of the company's regulatory and legal correspondence.

We discussed with those charged with governance and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations to our team and remained alert to any indicators of non-compliance throughout the audit, we also specifically considered where and how fraud may occur within the company.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements, including: the company's constitution, relevant financial reporting standards; company law; tax legislation and distributable profits legislation and we assess the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on the amounts or disclosures in the financial statements, for instance through the imposition of fines and penalties, or through losses arising from litigations. We identified the following areas as those most likely to have such an affect: employment legislation; health and safety legislation; trade legislation including alcohol licensing; data protection legislation and anti-bribery and corruption legislation.

## **REVIEW HOTELS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF REVIEW HOTELS LIMITED**

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ISAs (UK) limit the required procedures to identify non-compliance with these laws and regulations and no procedures over and above those already noted are required. These limited procedures did not identify any actual or suspected non-compliance which laws and regulations that could have a material impact on the financial statements.

In relation to fraud, we performed the following specific procedures in addition to those already noted:

- Challenging assumptions made by management in its significant accounting estimates;
- Identifying and testing journal entries, in particular any entries posted with unusual nominal ledger account combinations, journal entries crediting cash or any revenue account or journal entries posted by senior management;
- Performing analytical procedures to identify unexpected movements in account balances which may be indicative of fraud;
- Ensuring that testing undertaken on both the performance statement and the Balance Sheet includes a number of items selected on a random basis;

These procedures did not identify any actual or suspected fraudulent irregularity that could have a material impact on the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with ISAs (UK). For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the procedures that we are required to undertake would identify it. In addition, as with any audit, there remains a high risk of non-detection of irregularities, as these might involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal controls. We are not responsible for preventing non-compliance with laws and regulations or fraud, and cannot be expected to detect non-compliance with all laws and regulations or every incidence of fraud.

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.

#### **Use of our report**

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.

**Michael Breame (Senior Statutory Auditor)**  
**For and on behalf of Rickard Luckin Limited**

9 September 2022

**Chartered Accountants**  
**Statutory Auditor**

1st Floor  
County House  
100 New London Road  
Chelmsford  
Essex  
CM2 0RG

## REVIEW HOTELS LIMITED

### STATEMENT OF COMPREHENSIVE INCOME AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Turnover	5	5,507,692	1,242,259
Cost of sales		(2,990,284)	(1,870,655)
<b>Gross profit/(loss)</b>		<b>2,517,408</b>	<b>(628,396)</b>
Administrative expenses		(2,442,062)	(1,654,549)
Other operating income		148,053	1,149,323
Impairment of intangible and tangible fixed assets	3	300,000	650,000
<b>Profit/(loss) before taxation</b>		<b>523,399</b>	<b>(483,622)</b>
Taxation	8	(261,884)	215,609
<b>Profit/(loss) for the financial year</b>		<b>261,515</b>	<b>(268,013)</b>
<b>Total comprehensive income for the year</b>		<b>261,515</b>	<b>(268,013)</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# REVIEW HOTELS LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Tangible assets	10		13,986,185		13,978,602
<b>Current assets</b>					
Stocks	12	140,311		150,341	
Debtors	13	496,844		112,365	
Cash at bank and in hand		3,252		2,147	
		<u>640,407</u>		<u>264,853</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(22,571,913)</u>		<u>(22,780,291)</u>	
<b>Net current liabilities</b>			<u>(21,931,506)</u>		<u>(22,515,438)</u>
<b>Total assets less current liabilities</b>			<u>(7,945,321)</u>		<u>(8,536,836)</u>
<b>Provisions for liabilities</b>					
Deferred tax liability	16	<u>845,000</u>		<u>515,000</u>	
			<u>(845,000)</u>		<u>(515,000)</u>
<b>Net liabilities</b>			<u><u>(8,790,321)</u></u>		<u><u>(9,051,836)</u></u>
<b>Capital and reserves</b>					
Called up share capital	18		2		2
Profit and loss reserves			<u>(8,790,323)</u>		<u>(9,051,838)</u>
<b>Total equity</b>			<u><u>(8,790,321)</u></u>		<u><u>(9,051,836)</u></u>

The financial statements were approved by the board of directors and authorised for issue on 8 September 2022 and are signed on its behalf by:

MPR Kean  
Director

Company Registration No. 01561540

## REVIEW HOTELS LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2020	2	(8,783,825)	(8,783,823)
Year ended 31 March 2021:			
Loss and total comprehensive income for the year	-	(268,013)	(268,013)
Balance at 31 March 2021	2	(9,051,838)	(9,051,836)
Year ended 31 March 2022:			
Profit and total comprehensive income for the year	-	261,515	261,515
Balance at 31 March 2022	2	(8,790,323)	(8,790,321)

# REVIEW HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MARCH 2022**

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### 1 Accounting policies

#### Company information

Review Hotels Limited is a private company limited by shares incorporated in England and Wales. The registered office is Fairacres, Stock Lane, Ingatestone, Essex, CM4 9QL.

#### 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 have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

The company is a wholly owned subsidiary of Fairacres Group Limited, a company registered in England. Details of the group and consolidated financial statements can be found at Companies House.

#### 1.2 Going concern

These financial statements are prepared on the going concern basis. However, the directors are aware of certain material uncertainties which may cause doubt over the company's ability to continue as a going concern. The company made a profit after tax for the year ended 31 March 2022 of £261,515 however at that date its liabilities exceeded its assets by £8,790,321. The company has the support of its parent company, and expects to continue to make profits in the future as it recovers from the Covid-19 pandemic and the well publicised knock on effect this has had on the leisure and hospitality sector. Whilst the company has returned to a profit making position there remains wider economic uncertainty and the company is therefore exposed to the impact of any reduction in customers' discretionary spending. The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future.

#### 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 and settlement discounts.

Revenue from the sale of goods is recognised at the point of delivery of those goods to the customer, and in respect of food and drink sales at the point of consumption. Room rental is recognised at the point of occupation. All income is derived within the UK.

#### 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:

Land and buildings Freehold	1% straight line on buildings
Plant, machinery & equipment	10% straight line
Fixtures & fittings	10% straight line
Motor vehicles	20% 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.

# REVIEW HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 1 Accounting policies

(Continued)

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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.

#### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment.

#### 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.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# REVIEW HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 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, 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 direct issue 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.



# REVIEW HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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### 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 profit and loss account 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.

#### **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.

#### **1.12 Retirement benefits**

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

#### **1.13 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.

#### **1.14 Reduced Reporting Framework**

The company is a qualifying entity under the reduced reporting framework set out in FRS 102 and as such has taken advantage of the exemptions included therein. This includes the exclusion from the financial statements of a statement of cash flows.

# REVIEW HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 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.

#### Critical judgements

##### *Impairment of tangible fixed assets*

Tangible fixed assets are depreciated over their useful economic lives and are reviewed for indicators of impairment at each balance sheet date. The directors' have considered such indicators present at previous balance sheet dates, largely based on trading results. Also the economic uncertainty created by the Covid 19 pandemic and the impact this had on the hotels' ability to deliver trading profitability. The closure of The Rutland Arms Hotel site for refurbishment was likely to be extended and the directors therefore had to consider the recoverable amounts of this site in its existing condition, as its full refurbishment and ability to deliver trading performance is uncertain.

In the current year the directors have revisited this assessment and have considered the extent to which those adjustments remain appropriate.

The directors have assessed the carrying value of tangible fixed assets in light of the the current conditions and with the comparison to a professional valuation obtained for one of the sites. They have concluded that £300,000 of the impairment previously recognised can be reversed and that taking into account current year movements, including depreciation, the carrying value at the balance sheet date remains appropriate on that basis.

This assessment assumes that the Bedford Lodge Hotel is able to trade without restrictions over the coming years, whilst mindful that the 2022/23 trading year may still be challenging for wider economic reasons.

### 3 Exceptional item

	2022	2021
	£	£
<b>Expenditure</b>		
Impairment/reversal of impairment of intangible and tangible fixed assets	(300,000)	(650,000)

As detailed in the note to these financial statements titled "Impairments" the directors have made necessary impairment adjustments to both intangible and tangible fixed assets in the prior year. In the current year a reversal of part of the impairment related to tangible fixed assets has been made.

# REVIEW HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 4 Operating profit/(loss)

	2022	2021
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Government grants	(141,394)	(1,149,323)
Fees payable to the company's auditor for the audit of the company's financial statements	13,972	16,765
Depreciation of owned tangible fixed assets	351,764	401,973
Reversal of past impairment of tangible fixed assets	(300,000)	(650,000)
Loss on disposal of tangible fixed assets	30,112	-
	<u>          </u>	<u>          </u>

### 5 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2022	2021
	£	£
<b>Turnover</b>		
Services	3,330,441	749,072
Goods	2,177,251	493,187
	<u>          </u>	<u>          </u>
	5,507,692	1,242,259
	<u>          </u>	<u>          </u>

#### Other significant revenue

Grants received (including Coronavirus Job Retention Scheme)	141,394	1,149,323
	<u>          </u>	<u>          </u>

### 6 Employees

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

	2022	2021
	Number	Number
Administrative (including maintenance)	13	14
Direct labour	147	126
	<u>          </u>	<u>          </u>
Total	160	140
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	2,324,771	2,023,700
Social security costs	173,807	135,532
Pension costs	47,720	48,104
	<u>          </u>	<u>          </u>
	2,546,298	2,207,336
	<u>          </u>	<u>          </u>

# REVIEW HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	109,700	62,667

### 8 Taxation

	2022 £	2021 £
<b>Current tax</b>		
Group tax relief	(68,116)	(29,609)
<b>Deferred tax</b>		
Origination and reversal of timing differences	330,000	(186,000)
Total tax charge/(credit)	261,884	(215,609)

The actual charge/(credit) 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:

	2022 £	2021 £
Profit/(loss) before taxation	523,399	(483,622)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	99,446	(91,888)
Tax effect of expenses that are not deductible in determining taxable profit	2,055	9,998
Change in unrecognised deferred tax assets	60,044	(8,696)
Group relief	-	(29,609)
Permanent capital allowances in excess of depreciation	(2,552)	-
Depreciation on assets not qualifying for tax allowances	24,833	28,086
Change in deferred tax rate	203,174	-
Receipts in respect of group relief	(68,116)	-
Reversal of impairment not taxable	(57,000)	(123,500)
Taxation charge/(credit) for the year	261,884	(215,609)

# REVIEW HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 9 Intangible fixed assets

	Goodwill	Product branding	Total
	£	£	£
<b>Cost</b>			
At 1 April 2021 and 31 March 2022	1,300,000	10,365	1,310,365
<b>Amortisation and impairment</b>			
At 1 April 2021 and 31 March 2022	1,300,000	10,365	1,310,365
<b>Carrying amount</b>			
At 31 March 2022	-	-	-
At 31 March 2021	-	-	-

More information on impairment movements in the year is given in note 11.

### 10 Tangible fixed assets

	Land and buildings Freehold	Plant, machinery & equipment	Fixtures & fittings	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2021	22,062,199	2,059,087	63,303	44,702	24,229,291
Additions	39,185	51,843	-	-	91,028
Disposals	-	(159,653)	-	-	(159,653)
At 31 March 2022	22,101,384	1,951,277	63,303	44,702	24,160,666
<b>Depreciation and impairment</b>					
At 1 April 2021	8,645,883	1,560,104	-	44,702	10,250,689
Depreciation charged in the year	194,342	157,422	-	-	351,764
Reversal of past impairment	(300,000)	-	-	-	(300,000)
Eliminated in respect of disposals	-	(127,972)	-	-	(127,972)
At 31 March 2022	8,540,225	1,589,554	-	44,702	10,174,481
<b>Carrying amount</b>					
At 31 March 2022	13,561,159	361,723	63,303	-	13,986,185
At 31 March 2021	13,416,316	498,983	63,303	-	13,978,602

More information on impairment movements in the year is given in note 11.

## REVIEW HOTELS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

#### 11 Impairments

Reversals of previous impairment losses have been recognised in profit or loss as follows:

	Notes	2022 £	2021 £
In respect of:			
Property, plant and equipment	10	300,000	650,000
		<u>          </u>	<u>          </u>
Recognised in:			
Exceptional items		300,000	650,000
		<u>          </u>	<u>          </u>

In the year to 31 March 2020 the directors made impairment adjustments in respect of both of the company hotels and associated goodwill. Extensive disclosure was provided in these financial statements in respect of those adjustments.

The directors have reviewed both sites as at 31 March 2022 and have reversed £300,000 of the impairment adjustments previously recognised in relation to the Bedford Lodge Hotel site. This reversal is considered appropriate based on the current year review and results in a carrying value of the site of £10.7m. This is in line with a previous professional valuation which the directors have used as a basis for considering an appropriate carrying value.

No further adjustments have been made in respect of the company's second site, The Rutland Arms Hotel. The directors have considered the carrying value of this site and believe that this is an appropriate carrying value as at 31 March 2022.

Properties held outside of the two sites but used within the trade are excluded on the basis that their recoverable amounts are considered to be aligned to their carrying value and are separable assets.

#### 12 Stocks

	2022 £	2021 £
Finished goods and goods for resale	140,311	150,341
	<u>          </u>	<u>          </u>

#### 13 Debtors

	2022 £	2021 £
<b>Amounts falling due within one year:</b>		
Trade debtors	198,705	7,390
Other debtors	60,454	46,599
Prepayments and accrued income	237,685	58,376
	<u>          </u>	<u>          </u>
	496,844	112,365
	<u>          </u>	<u>          </u>

# REVIEW HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 14 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	15	1,480,429	2,297,372
Trade creditors		285,828	85,027
Amounts due to group undertakings		20,000,000	20,006,401
Other taxation and social security		57,929	21,506
Other creditors		619,234	338,229
Accruals		128,493	31,756
		<u>22,571,913</u>	<u>22,780,291</u>

The bank overdraft is secured by a debenture over the freehold land and buildings and a fixed and floating charge over all assets of the company.

A loan due to the parent company of £20 million (2021: £20 million) is repayable on demand and as such is shown due within one year.

### 15 Loans and overdrafts

	2022 £	2021 £
Bank overdrafts	<u>1,480,429</u>	<u>2,297,372</u>
Payable within one year	<u>1,480,429</u>	<u>2,297,372</u>

### 16 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2022 £	Liabilities 2021 £
<b>Balances:</b>		
Accelerated capital allowances	<u>845,000</u>	<u>515,000</u>

The closing deferred tax balance is based on a substantively enacted rate of 25% (2021: 19%).

### 17 Retirement benefit schemes

	2022 £	2021 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>47,720</u>	<u>48,104</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

## REVIEW HOTELS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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#### 18 Share capital

	2022 Number	2021 Number	2022 £	2021 £
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of £1 each	2	2	2	2
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

#### 19 Financial commitments, guarantees and contingent liabilities

The company, together with four other group companies, has entered a composite guarantee in respect of bank overdrafts of those companies. There is a right of set-off incorporated within the cross guarantee. The net overdraft less cash at bank indebtedness of the group companies to the bank at the year end was £nil (2021: £17,367).

At the balance sheet date Silvermist Properties (Chelmsford) Limited, a subsidiary company of Fairacres Group Limited has bank loans totalling £8,000,000 that are secured on all group assets, including the assets of Review Hotels Limited.

#### 20 Controlling party

The company is a wholly owned subsidiary of Fairacres Group Limited, a company registered in England. Details of the group and consolidated financial statements can be found at Companies House.

#### 21 Related party transactions

The company has taken advantage of the exemption in the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") to disclose transactions with group companies on the grounds that it is a subsidiary that is wholly owned.

At the year end the company owed its parent company £20,000,000 (2021: £20,006,401).



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