

DONNINGTON VALLEY GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 DECEMBER 2019

DONNINGTON VALLEY GROUP LIMITED

COMPANY INFORMATION

Directors

A G McKenzie
M V Morris
B Wilkinson

Registered number

02460827

Registered office

Buckingham House
West Street
Newbury
Berkshire
RG14 1BE

Independent auditor

James Cowper Kreston
Chartered Accountants and Statutory Auditor
2 Communications Road
Greenham Business Park
Greenham
Newbury
Berkshire
RG19 6AB

DONNINGTON VALLEY GROUP LIMITED

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DONNINGTON VALLEY GROUP LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 30 DECEMBER 2019

BUSINESS REVIEW

The company is a four star luxury hotel with spa and golf facilities which targets both the business and leisure traveller.

During the period to 30th December 2019, trading conditions continued to improve with revenue increasing by 2%, which was largely as a result of an increase food revenue.

Cost remained largely in line with the prior year and contributed to the company reporting a trading loss before taxation of £336,213 (2018: £514,845).

The company continues to invest heavily in capital expenditure despite the impact of the Covid-19 pandemic and the new bespoke wedding barn nears completion following a significant capital outlay from which the directors are confident that significant benefits will arise in future years.

FINANCIAL KEY PERFORMANCE INDICATORS

The directors actively monitor a number of key performance indicators as follows:

Turnover - Increase of 2% on prior year

Gross profit margin - Consistent with the prior year at 85%

EBITDA - £214,043 in 2019 and £1,099 in 2018

The directors also monitor a number of hotel related KPIs in respect of, but not limited to, average room rate and occupancy.

PRINCIPAL RISKS AND UNCERTAINTIES

The company uses various financial instruments including cash, loans and items such as trade debtors and trade creditors that arise directly from its operations. The purpose of these financial instruments is to raise finance for the company's operations.

The risks arising from the company's financial instruments are liquidity risk, interest rate risk and credit risk. The directors review and agree policies for managing each of these risks and these policies have remained unchanged from previous years.

Liquidity risk

The company manages financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and invest cash assets safely and profitably. The company has a significant bank loan due for refinancing in August 2021 and as further detailed in the accounting policies this gives rise to a material uncertainty in respect of the company's ability to refinance this debt as it falls due. The directors are actively reviewing the situation at the date of this report.

Interest rate risk

The company uses loans to finance the expansion and improvement of the facilities which in the long term improve profitability. Any interest rate risk is hedged through interest rate swaps. No interest is payable on inter company balances. The company's cash assets are all held in floating rate deposit accounts. Trade debtors and creditors do not attract interest.

DONNINGTON VALLEY GROUP LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 DECEMBER 2019**

Credit risk

The company's principal financial assets are cash and trade debtors. To manage trade debtor credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

The company manages financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Covid-19

At the date of this report the most significant risk faced by the company was that arising from the Covid-19 pandemic. This has forced the company's hotel and golf course to remain closed under Government imposed lockdowns for a large part of the year ended 31 December 2020 and for the period of 2021 to the date of this report. The company has undertaken a review of the business during this period and believes it is well placed to emerge from the pandemic and trade profitably in the future. Despite this the directors are acutely aware of the potential for customers behaviour to change following the pandemic, specifically with regards to business travel.

FUTURE DEVELOPMENTS

2020 and 2021 will see the continuation of a five year capital investment plan with the completion of a bespoke Wedding and Events Barn which will create diversification across the portfolio.

This report was approved by the board and signed on its behalf.

.....
M V Morris
Director

.....
A G McKenzie
Director

Date: 29 March 2021

DONNINGTON VALLEY GROUP LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 30 DECEMBER 2019**

The directors present their report and the financial statements for the period ended 30 December 2019.

Principal activity

The principal activity of the Company during the year continued to be that of running a hotel, including a spa and golf club.

Directors

The directors who served during the period were:

A G McKenzie
M V Morris
B Wilkinson

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

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

Results and dividends

The loss for the period, after taxation, amounted to £336,213 (2018 - loss £514,845).

The directors do not recommend a dividend for the year ended 31 December 2019 (2018: £NIL).

DONNINGTON VALLEY GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 DECEMBER 2019**

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

See note 24 for details of post balance sheet events.

Auditor

The auditor, James Cowper Kreston, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

.....
M V Morris

Director

Date: 29 March 2021

.....
A G McKenzie

Director

Date: 29 March 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS, AS A BODY, OF DONNINGTON VALLEY GROUP LIMITED

Opinion

We have audited the financial statements of Donnington Valley Group Limited (the 'Company') for the period ended 30 December 2019, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 30 December 2019 and of its loss for the period 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 United Kingdom, including the Financial Reporting Council'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

We draw attention to note 2.3 in the financial statements, which indicates that the Company is reliant on future funding being provided by its parent company to meet its short term liabilities and has a significant bank debt due for refinancing in August 2021. There is material uncertainty over the parent company's ability to provide the funding that might be required and on the company's ability to refinance the bank debt given the effects of the Covid 19 pandemic on the group as a whole. As stated in note 2.3, these events or conditions, along with the other matters as set forth in note 2.3, indicate that a material uncertainty exists that may cast significant 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 directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS, AS A BODY, OF DONNINGTON VALLEY GROUP LIMITED
(CONTINUED)**

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial period 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.

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 directors' 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 set out on page 3, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

DONNINGTON VALLEY GROUP LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS, AS A BODY, OF DONNINGTON VALLEY GROUP LIMITED
(CONTINUED)**

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 Farwell MA FCA DChA (Senior Statutory Auditor)

for and on behalf of

James Cowper Kreston

Chartered Accountants and Statutory Auditor

2 Communications Road
Greenham Business Park
Greenham
Newbury
Berkshire
RG19 6AB

30 March 2021

DONNINGTON VALLEY GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 DECEMBER 2019

	Note	30 December 2019 £	31 December 2018 £
Turnover	4	6,830,257	6,674,265
Cost of sales		(1,015,514)	(947,280)
Gross profit		5,814,743	5,726,985
Administrative expenses		(5,804,700)	(5,906,331)
Operating profit/(loss)		10,043	(179,346)
Interest payable and expenses	8	(346,256)	(335,499)
Loss before tax		(336,213)	(514,845)
Loss for the financial period		(336,213)	(514,845)

There was no other comprehensive income for 2019 (2018: £NIL).

The notes on pages 11 to 24 form part of these financial statements.

DONNINGTON VALLEY GROUP LIMITED
REGISTERED NUMBER:02460827

BALANCE SHEET
AS AT 30 DECEMBER 2019

	Note	30 December 2019 £	31 December 2018 £
Fixed assets			
Tangible assets	10	14,451,875	13,762,617
Investments	11	102	102
		<u>14,451,977</u>	<u>13,762,719</u>
Current assets			
Stocks	12	131,547	112,183
Debtors: amounts falling due within one year	13	4,174,762	3,190,978
Cash at bank and in hand	14	116,693	25,016
		<u>4,423,002</u>	<u>3,328,177</u>
Creditors: amounts falling due within one year	15	(30,951,934)	(17,759,638)
Net current liabilities		<u>(26,528,932)</u>	<u>(14,431,461)</u>
Total assets less current liabilities		<u>(12,076,955)</u>	<u>(668,742)</u>
Creditors: amounts falling due after more than one year	16	-	(11,072,000)
Net liabilities		<u><u>(12,076,955)</u></u>	<u><u>(11,740,742)</u></u>
Capital and reserves			
Called up share capital	19	1,000,000	1,000,000
Profit and loss account	20	(13,076,955)	(12,740,742)
		<u><u>(12,076,955)</u></u>	<u><u>(11,740,742)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....
M V Morris
Director

.....
A G McKenzie
Director

Date: 29 March 2021

The notes on pages 11 to 24 form part of these financial statements.

DONNINGTON VALLEY GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 DECEMBER 2019**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2018	1,000,000	(12,225,897)	(11,225,897)
Comprehensive income for the year			
Loss for the year	-	(514,845)	(514,845)
	<hr/>	<hr/>	<hr/>
At 1 January 2019	1,000,000	(12,740,742)	(11,740,742)
Comprehensive income for the period			
Loss for the period	-	(336,213)	(336,213)
	<hr/>	<hr/>	<hr/>
At 30 December 2019	<u>1,000,000</u>	<u>(13,076,955)</u>	<u>(12,076,955)</u>

The notes on pages 11 to 24 form part of these financial statements.

DONNINGTON VALLEY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2019

1. General information

Donnington Valley Group Limited (the Company) is a private company, limited by shares, incorporated in the United Kingdom and registered in England and Wales. The address of the registered office is Buckingham House, West Street, Newbury, Berkshire, RG14 1BE.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The company has a year end of 30 December 2019, however the financial statements include all transactions up to and including 31 December 2019, a policy allowed under Companies Act 2006 section 390.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Stockford Limited as at 31 December 2019 and these financial statements may be obtained from Buckingham House, West Street, Newbury, Berkshire, England, RG14 1BE.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2019**

2. Accounting policies (continued)

2.3 Going concern

The company has made a loss during the year and at the balance sheet date had net liabilities at the year end of £12,076,955. The Company has been severely impacted by the Covid 19 pandemic post year end and the hotel and golf course have remained shut for large parts of 2020 and 2021, but under the UK Government's reopening plans will gradually reopen between the end of March and the middle of May 2021. The Directors are confident that there is a significant amount of pent up demand for hospitality and leisure services within the UK economy and are optimistic that trading will be positive once the hotel is allowed to reopen, but whilst social distancing requirements remain in place this will have a detrimental impact on the Company's ability to trade at pre pandemic levels.

At the balance sheet date the Company had a significant bank loan which is due for repayment in July 2020 and at the balance sheet date was in breach of certain covenants in respect of this bank loan. During the year ended 31 December 2020 the Company has extended the terms of this debt such that it is due for repayment in August 2021.

The Company has prepared cash flow forecasts as part of the UK element of the group headed by Stockford Limited and these show that the Company is expecting to experience significant cash flow pressures in the near future. The parent company has agreed to fund this short term cash requirement and the parent company has confirmed to Donnington Valley Group Limited that it will make available sufficient financial resources as required to enable the Company to meet all of its short term liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements.

In conclusion, whilst the parent company has confirmed it will provide adequate cash resources for the Company to meet its short term cash requirements, the Company has a significant level of bank debt due to be refinanced in August 2021 and given the effects of the Covid 19 pandemic on the hospitality and leisure industry in the UK this presents a significant uncertainty with regards to the ability of the Company to refinance the bank debt as it falls for repayment. These factors taken together create a material uncertainty in respect of the Company's ability to continue as a going concern.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2019**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2019

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Depreciation is provided on the following basis:

Freehold property	- 0% Straight line
Plant and machinery	- 10-33% Straight line
Motor vehicles	- 25% Straight line
Fixtures and fittings	- 20% Straight line
Assets under construction	- 0% Straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

The condition and upkeep of the freehold property is carried out on a continuous basis by the company with any payments being charged to the profit and loss account as it arises. This depreciation policy reflects the expected benefits of such assets and provides consistency with the depreciation methods used by other entities within the same industry.

In accordance with GAAP (Generally Accepted Accounting Practice), the assets under construction do not begin to be depreciated until they come into use. Once assets under construction come into use they are transferred to the relevant categories and commence being depreciated if applicable.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is 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.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2019**

2. Accounting policies (continued)

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

2.13 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.15 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2019**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historic experience and other factors that are considered to be applicable. Due to the inherent subjectivity in making such judgements, estimates and assumptions, the actual results and outcomes may differ. The estimates and underlying assumptions are reviewed on an ongoing basis.

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Determining residual values and useful economic lives of tangible fixed assets

The company depreciates tangible fixed assets over their useful economic lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of the assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management determining the residual values for property, plant and equipment. When determining the residual value management aim to assess the amount that the company would currently obtain for the disposal of the asset, if it were already in the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

4. Turnover

An analysis of turnover by class of business is as follows:

	30 December 2019 £	31 December 2018 £
Provision of rooms	2,815,025	2,790,033
Sale of food and beverages	2,351,712	2,243,313
Provision of spa and leisure services	617,493	591,871
Memberships	653,878	656,592
Provision of sundry services	392,149	392,456
	<u>6,830,257</u>	<u>6,674,265</u>

All turnover arose within the United Kingdom.

DONNINGTON VALLEY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2019**

5. Auditor's remuneration

	30 December 2019 £	31 December 2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	7,000	7,000
Services relating to taxation	2,000	2,000
	<u>9,000</u>	<u>9,000</u>

6. Employees

Staff costs were as follows:

	30 December 2019 £	31 December 2018 £
Wages and salaries	2,743,433	2,778,862
Social security costs	192,138	195,319
Cost of defined contribution pension scheme	69,681	53,657
	<u>3,005,252</u>	<u>3,027,838</u>

The average monthly number of employees, including the directors, during the period was as follows:

	30 December 2019 No.	31 December 2018 No.
Managment and administration staff	9	9
Sales and marketing staff	11	11
Operational staff	146	152
	<u>166</u>	<u>172</u>

7. Directors remuneration

During the year no directors were remunerated through the company (2018: £Nil). During the year retirement benefits were accruing to no directors (2018: Nil) in respect of defined contribution pension schemes.

DONNINGTON VALLEY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2019**

8. Interest payable and similar expenses

	30 December 2019 £	31 December 2018 £
Bank interest payable	<u>346,256</u>	<u>335,499</u>

9. Taxation

	30 December 2019 £	31 December 2018 £
Taxation on profit on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting tax charge for the period/year

The tax assessed for the period/year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	30 December 2019 £	31 December 2018 £
Loss on ordinary activities before tax	<u>(336,213)</u>	<u>(514,845)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(63,880)	(97,821)
Effects of:		
Capital allowances for period/year in excess of depreciation	215	-
Other timing differences leading to an increase (decrease) in taxation	(1,901)	-
Other differences leading to an increase (decrease) in the tax charge	-	2
Deferred tax not recognised	6,902	87,521
Adjust deferred tax to average rate of 19.00%	58,664	10,298
Total tax charge for the period/year	<u>-</u>	<u>-</u>

DONNINGTON VALLEY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2019**

9. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

10. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Assets under construction £	Total £
Cost or valuation						
At 1 January 2019	15,219,324	4,286,361	53,186	2,455,017	170,815	22,184,703
Additions	1,060	95,562	3,850	62,175	730,611	893,258
At 30 December 2019	15,220,384	4,381,923	57,036	2,517,192	901,426	23,077,961
Depreciation						
At 1 January 2019	2,098,793	3,950,223	45,746	2,327,324	-	8,422,086
Charge for the period	-	142,293	4,939	56,768	-	204,000
At 30 December 2019	2,098,793	4,092,516	50,685	2,384,092	-	8,626,086
Net book value						
At 30 December 2019	13,121,591	289,407	6,351	133,100	901,426	14,451,875
At 31 December 2018	13,120,531	336,138	7,440	127,693	170,815	13,762,617

Included in freehold land and buildings is freehold land of £2,898,000 which is not depreciated.

DONNINGTON VALLEY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2019**

11. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	102
	<hr/>
At 30 December 2019	<u>102</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Barns Hotel Bedford Limited	Running a hotel	Ordinary	100 %
Deanwood Park Limited	Running a golf clubhouse	Ordinary	100 %

12. Stocks

	30 December 2019 £	31 December 2018 £
Raw materials and consumables	26,751	23,718
Finished goods and goods for resale	104,796	88,465
	<hr/>	<hr/>
	<u>131,547</u>	<u>112,183</u>

13. Debtors

	30 December 2019 £	31 December 2018 £
Trade debtors	320,100	342,278
Amounts owed by group undertakings	3,423,566	2,600,047
Other debtors	198,942	15,658
Prepayments and accrued income	232,154	232,995
	<hr/>	<hr/>
	<u>4,174,762</u>	<u>3,190,978</u>

DONNINGTON VALLEY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2019**

14. Cash and cash equivalents

	30 December 2019 £	31 December 2018 £
Cash at bank and in hand	<u>116,693</u>	<u>25,016</u>

15. Creditors: Amounts falling due within one year

	30 December 2019 £	31 December 2018 £
Bank loans	11,272,000	200,000
Other loans	6,520,786	6,520,786
Trade creditors	658,310	509,145
Amounts owed to group undertakings	12,136,771	10,168,844
Other taxation and social security	56,325	48,626
Other creditors	11,175	7,130
Accruals and deferred income	296,567	305,107
	<u>30,951,934</u>	<u>17,759,638</u>

Amounts owed to group undertakings are unsecured, interest free, and are repayable on demand.

Other loans relate to a loan from a director of the Company's ultimate parent company. This loan is repayable on demand and is non-interest bearing.

See note 17 for details on the bank loan.

16. Creditors: Amounts falling due after more than one year

	30 December 2019 £	31 December 2018 £
Bank loans	-	11,072,000
	<u>-</u>	<u>11,072,000</u>

See note 17 for details on the bank loan.

DONNINGTON VALLEY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2019**

17. Loans

Analysis of the maturity of loans is given below:

	30 December 2019 £	31 December 2018 £
Amounts falling due within one year		
Bank loans	11,272,000	200,000
Other loans	6,520,786	6,520,786
	17,792,786	6,720,786
Amounts falling due 1-2 years		
Bank loans	-	200,000
	-	200,000
Amounts falling due 2-5 years		
Bank loans	-	10,872,000
	-	10,872,000
	17,792,786	17,792,786

A bank loan of £11,272,000 (2018: £11,272,000) is repayable in full on 31 July 2020. The interest rate is LIBOR plus 2.25%. The loan is secured by a first legal mortgage on one of the freehold properties, along with a fixed and floating charge over all other assets in the company in which the loan is present and cross guarantees of certain group companies.

The Company has a secured bank loans. At the balance sheet date a number of covenants in respect of these loans had been breached and the bank has the right to serve a default notice on the borrowers. As at 31 December 2019 the bank had not served such a notice. The carrying value of the loans at the balance sheet date is £11,272,000. Post year end the borrowings were renegotiated and the covenants that were in breach at 31 December 2019 were amended. The repayment date of the loans was extended to August 2021.

DONNINGTON VALLEY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2019**

18. Financial instruments

	30 December 2019 £	31 December 2018 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>4,059,301</u>	<u>2,982,909</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>30,599,042</u>	<u>28,477,905</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by group undertakings, other debtors, cash at bank and in hand.

Financial liabilities measured at amortised cost comprise trade creditors, bank loans, other loans, amounts owed to group undertakings and other creditors.

19. Share capital

	30 December 2019 £	31 December 2018 £
Allotted, called up and fully paid		
1,000,000 (2018 - 1,000,000) Ordinary shares of £1.00 each	<u>1,000,000</u>	<u>1,000,000</u>

20. Reserves

Profit and loss account

The profit and loss account is the Company's accumulated retained profits or losses as at the year end.

21. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted £69,681 (2018: £53,657). Contributions totalling £885 (2018: £246) were payable to the fund at the balance sheet date and are included in creditors.

DONNINGTON VALLEY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2019**

22. Commitments under operating leases

At 30 December 2019 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	30 December 2019 £	31 December 2018 £
Not later than 1 year	42,274	62,742
Later than 1 year and not later than 5 years	64,380	117,955
	<u>106,654</u>	<u>180,697</u>

23. Related party transactions

The Company is exempt from disclosing related party transactions with other 100% owned members of the Group headed by Stockford Limited by virtue of FRS 102 section 33.1A.

At the year end, included in other loans is a balance of £6,520,786 (2018: £6,520,786) owed to Sir P C Michael CBE, director of Stockford Limited, the parent company of Donnington Valley Group Limited.

24. Post balance sheet events

Subsequent to the end of the financial year, the COVID 19 outbreak was declared a pandemic by the World Health Organisation. As detailed further in note 2.3 to the financial statements this has had a severe impact on the Company's operations post year end.

The financial statements have been prepared based upon conditions existing at 31 December 2019 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. As the outbreak of COVID 19 occurred after 31 December 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to the financial statements as at 31 December 2019 for the impacts of COVID 19.

In July 2020 the Company extended the banking terms on its UK bank debt and at the same time certain financial covenants were amended. The debt is now due for repayment in August 2021.

Post year end the Company has largely completed the construction of the bespoke wedding barn. In order to fund this construction the parent company has advanced further funds of £2,605,000 to take the total funding provided by the parent company in respect of the barn construction to £4,004,000.

25. Controlling party

The company considers Stockford Limited, a company incorporated in England and Wales, to be its ultimate parent company throughout the current and previous years. The company's results are included in the consolidated financial statements of Stockford Limited. Copies of the group financial statements for Stockford Limited are available from its registered office: Buckingham House, West Street, Newbury, Berkshire, England, RG14 1BE.

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.