

REGISTERED NUMBER: 01007671 (England and Wales)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
FOR
LUMLEY CASTLE HOTEL LIMITED

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for the Year Ended 31 December 2021**

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LUMLEY CASTLE HOTEL LIMITED

COMPANY INFORMATION
for the Year Ended 31 December 2021

DIRECTORS:	G F D Bear H B Morris
SECRETARY:	H B Morris
REGISTERED OFFICE:	Douglas Bank House Wigan Lane Wigan Lancashire WN1 2TB
REGISTERED NUMBER:	01007671 (England and Wales)
AUDITORS:	Fairhurst Statutory Auditor Chartered Accountants Douglas Bank House Wigan Lane Wigan Lancashire WN1 2TB
BANKERS:	Clydesdale Bank PLC 83 George Street Edinburgh EH2 3ES

LUMLEY CASTLE HOTEL LIMITED (REGISTERED NUMBER: 01007671)

BALANCE SHEET
31 December 2021

	Notes	2021 £	£	2020 £	£
FIXED ASSETS					
Tangible assets	4		3,193,880		3,257,564
Investments	5		<u>-</u>		<u>-</u>
			3,193,880		3,257,564
CURRENT ASSETS					
Stocks		40,939		16,276	
Debtors	6	114,523		391,620	
Cash at bank and in hand	7	<u>398,232</u>		<u>233,930</u>	
		553,694		641,826	
CREDITORS					
Amounts falling due within one year	8	<u>1,326,928</u>		<u>1,475,939</u>	
NET CURRENT LIABILITIES			<u>(773,234)</u>		<u>(834,113)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,420,646		2,423,451
CREDITORS					
Amounts falling due after more than one year	9		<u>438,149</u>		<u>350,000</u>
NET ASSETS			<u>1,982,497</u>		<u>2,073,451</u>
CAPITAL AND RESERVES					
Called up share capital	13		40,001		40,001
Revaluation reserve	14		1,744,681		1,822,751
Capital redemption reserve	14		100,000		100,000
Retained earnings	14		<u>97,815</u>		<u>110,699</u>
SHAREHOLDERS' FUNDS			<u>1,982,497</u>		<u>2,073,451</u>

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 14 October 2022 and were signed on its behalf by:

H B Morris - Director

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2021**

1. STATUTORY INFORMATION

Lumley Castle Hotel Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern and post balance sheet event

Due to the continued coronavirus pandemic a third national lockdown was implemented in January 2021 which enforced closure until 17th May 2021. From 17th May 2021 there was limited trade with restrictions until 19th July 2021 when all restrictions were lifted. Despite these closures and restrictions to trade The governments successful vaccination programme along with an increase in "staycations" and the pent up demand for delayed weddings have meant the hotel saw a promising return to normal trade in latter part of 2021.

During all periods of closure and following limited trading the company took advantage of national and local government Covid 19 financial support schemes to the hospitality industry such as the Coronavirus Job Retention Scheme, Hospitality rates relief and other local grants. The company also secured a further government backed loan of £160,000 to assist with working capital and the refurbishment of the main bar, restaurant and ongoing programme of bedroom refurbishment throughout the year.

In 2022 the company has experienced the effects of the economic downturn across both the UK and international economies. Supply chain issues compounded by the war in Ukraine have seen prices rise significantly in the costs of food, beverage and energy. Payroll costs have also risen substantially in response to staff shortages across all departments of the business. The directors have taken action to mitigate these cost increases as appropriate. In addition inflation and the cost of living crisis affecting guests has resulted in reduced demand for premium price bedrooms and a cut in food and beverage spending whilst on site. In addition times for bookings have shortened and wedding parties have seen substantial reductions in numbers of guests. The directors and management team have prepared financial projections based upon advance bookings and information available at the time and have factored the above issues most appropriately into their business planning and projections. The overdraft facility is due for renewal on 31 January 2023, at the time of signing this report the directors have no reason to believe that the facility would not be renewed and have held discussions with their bankers about their future borrowing needs and no matters have been brought to their attention to suggest that renewal may not be forthcoming on acceptable terms.

Taking these matters into account the directors have prepared the accounts on the going concern basis.

However, the impact of the economic instability currently experienced by the UK as a whole upon the entity's ability to achieve the projections and thus on any future decision on funding by the bank indicates a material uncertainty which may cast significant doubt upon the entity's ability to continue as a going concern.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Depreciation and residual values

The directors have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of leasehold buildings and fixtures and fittings, and have concluded that the asset lives and residual values are appropriate.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2021

2. ACCOUNTING POLICIES - continued

Turnover

The principal turnover streams associated with accommodation, food and beverage are recognised daily based on customers occupancy and consumption at the end of the day.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Short leasehold	- over the remaining term of the lease
Plant and machinery	- 10% on cost
Fixtures and fittings	- 10% on cost and over the remaining term of the lease
Motor vehicles	- 25% on cost
General equipment	- 10% on cost

The lease on the property was renewed in 2005, and runs for a period of 40 years until 2045. Some of the assets are now being depreciated over the term of this lease.

Tangible fixed assets are initially recognised at cost. Tangible fixed assets are subsequently stated at cost less accumulated depreciation and accumulated impairment losses.

Other fixed asset investments are stated at cost less provision for any permanent diminution in value.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Hire purchase and leasing commitments

Rentals payable under operating leases are charged to profit or loss on a straight line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2021

2. ACCOUNTING POLICIES - continued**Financial instruments**

The following assets and liabilities are classed as financial instruments- trade debtors, related party loans, directors' loans, trade creditors and bank loans

Trade debtors are measured at transaction price, less any impairment.

Related party loans are initially measured at the present value of future payments, discounted at a market rate of interest and subsequently at amortised cost using the effective interest method.

Directors' loans (being repayable on demand) are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Trade creditors and guest deposits (included in accruals and deferred income) are measured at transaction price.

Other loans including related party loans are initially measured at fair value and are measured subsequently at amortised cost using the effective interest method.

Cash held at bank and overdrafts are not offset despite a right of set off held by the company's bankers.

Employee benefits

Short-term employee benefits are recognised as an expense in the period in which they occur.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 122 (2020 - 121).

4. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery etc £	Totals £
COST			
At 1 January 2021	3,585,585	4,538,933	8,124,518
Additions	-	140,816	140,816
At 31 December 2021	<u>3,585,585</u>	<u>4,679,749</u>	<u>8,265,334</u>
DEPRECIATION			
At 1 January 2021	1,177,285	3,689,669	4,866,954
Charge for year	<u>96,332</u>	<u>108,168</u>	<u>204,500</u>
At 31 December 2021	<u>1,273,617</u>	<u>3,797,837</u>	<u>5,071,454</u>
NET BOOK VALUE			
At 31 December 2021	<u>2,311,968</u>	<u>881,912</u>	<u>3,193,880</u>
At 31 December 2020	<u>2,408,300</u>	<u>849,264</u>	<u>3,257,564</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2021

5. FIXED ASSET INVESTMENTS

	Other investments £
COST	
At 1 January 2021	
and 31 December 2021	<u>127,571</u>
PROVISIONS	
At 1 January 2021	
and 31 December 2021	<u>127,571</u>
NET BOOK VALUE	
At 31 December 2021	<u>-</u>
At 31 December 2020	<u>-</u>

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade debtors	28,272	8,210
Other debtors	<u>86,251</u>	<u>383,410</u>
	<u>114,523</u>	<u>391,620</u>
 Deferred tax asset		
	2021 £	2020 £
Tax losses carried forward	118,113	118,113
Other timing differences	<u>(87,248)</u>	<u>(87,248)</u>
	<u>30,865</u>	<u>30,865</u>

The bank loans and overdraft are secured by a debenture over the assets of the company and a legal first charge over the leasehold of Lumley Castle Hotel.

7. CASH AT BANK AND IN HAND

	2021 £	2020 £
Bank account no. 2	19,750	23,022
Bank account no. 3	358,739	208,817
Cash in hand	<u>19,743</u>	<u>2,091</u>
	<u>398,232</u>	<u>233,930</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Bank loans and overdrafts	300,072	424,035
Trade creditors	666,720	843,737
Taxation and social security	73,937	26,720
Other creditors	<u>286,199</u>	<u>181,447</u>
	<u>1,326,928</u>	<u>1,475,939</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2021**

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

	2021 £	2020 £
Bank loans	<u>438,149</u>	<u>350,000</u>

10. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2021 £	2020 £
Within one year	285,759	-
Between one and five years	1,143,036	1,191,036
In more than five years	<u>5,286,542</u>	<u>5,584,301</u>
	<u>6,715,337</u>	<u>6,775,337</u>

The company is committed to the terms of the leasehold property which runs to June 2045.

Due to the impact of Covid 19 the landlords issued a rent reduction for the period of 1st April 2020 to 31 May 2021, reducing the rent to to £nil. Following that there has been a further revision for the period of 1 June 2021 to 31 March 2022 where rent will be charged at 2% of Turnover. The directors have adopted the Covid 19 related rent concessions under FRS 102 relating to these reductions.

The terms of the Castle lease are such that the commercial rent increases in accordance with the Retail Price Index, the last rent value prior to the Covid 19 reductions was at £195,759 per annum. The minimum lease payments repayable are based on this.

In addition to the commercial rent the company is also committed to spend a fixed sum of minimum expenditure to maintain the condition of the external structure, roof and period features. This has also been subject to suspension during the Covid 19 pandemic from April 2020 to May 2021. The value of the required expenditure is subject to review and as such a value of £90,000 has been used to calculate the minimum lease payments.

11. SECURED DEBTS

The following secured debts are included within creditors:

	2021 £	2020 £
Bank overdrafts	164,516	324,035
Bank loans	<u>573,705</u>	<u>450,000</u>
	<u>738,221</u>	<u>774,035</u>

The bank overdraft facility has a notional right of set off against accounts with credit balances and is available against all of the bank accounts. The bank loans and overdraft are secured by a debenture over the assets of the company and a legal first charge over the leasehold of Lumley Castle Hotel.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2021

12. DEFERRED TAX

	£
Balance at 1 January 2021	(30,865)
Charge/(credit) to revaluation reserve during the year	
Balance at 31 December 2021	<u>(30,865)</u>

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021 £	2020 £
30,000	Ordinary	£1	30,000	30,000
10,000	"A" Ordinary	£1	10,000	10,000
1	"B" Ordinary	£1	<u>1</u>	<u>1</u>
			<u>40,001</u>	<u>40,001</u>

The "B" Ordinary share shall not confer upon the holder the right to receive notice, or to attend or vote at any general meeting of the company.

14. RESERVES

	Retained earnings £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1 January 2021	110,699	1,822,751	100,000	2,033,450
Deficit for the year	(90,954)	-	-	(90,954)
Depreciation	<u>78,070</u>	<u>(78,070)</u>	<u>-</u>	<u>-</u>
At 31 December 2021	<u>97,815</u>	<u>1,744,681</u>	<u>100,000</u>	<u>1,942,496</u>

15. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Louise Webster BSc BFP ACA (Senior Statutory Auditor)
for and on behalf of Fairhurst

16. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31 December 2021 and 31 December 2020:

	2021 £	2020 £
G F D Bear		
Balance outstanding at start of year	14,218	-
Amounts advanced	-	14,218
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>14,218</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2021**

16. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES - continued

Directors advances are charged interest annually at the standard agreed rate set by Her Majesties Revenue & Customs.

17. RELATED PARTY DISCLOSURES

During the year a dividend of £Nil (2019 £33,333) was paid to the holding company Cornglade Limited.

18. FRC ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

19. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is G F D Bear.

This is by virtue of the shares owned in the ultimate parent company, Cornglade Limited.

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.