

REGISTERED NUMBER: 09964449 (England and Wales)

**GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022
FOR
104 LIMITED**

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FOR THE YEAR ENDED 31 MARCH 2022**

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104 LIMITED

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

DIRECTORS:

F Yeganeh
P Stewart
T Schwerdtfeger

REGISTERED OFFICE:

The Queens Hotel
Clarence Parade
Southsea
Hampshire
PO5 3LJ

REGISTERED NUMBER:

09964449 (England and Wales)

AUDITORS:

Lewis Brownlee (Chichester) Limited
Chartered Accountants
Statutory Auditors
Appledram Barns
Birdham Road
Chichester
West Sussex
PO20 7EQ

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

The directors present their strategic report of the company and the group for the year ended 31 March 2022.

REVIEW OF BUSINESS

The principal activity of the Group is the operation of The Queens Hotel, a three star (aspiring 4 star), 74-bedroom Victorian hotel, located in Southsea on the South Coast of England.

As a result of the Covid-19 pandemic, during the 12-month period we again suffered restrictions in trading through the need to socially distance and prevent the spread of the pandemic. In addition to the beginning of the trading year, our lucrative festive period was severely affected in this respect.

We did benefit greatly in the year with Government assistance via VAT rate reductions, allowing us to retain more of our gross sales than would be the norm.

Turnover for the year for the hotel was £3.32m, an increase of 370% on the previous year.

Average occupancy rates of rooms during the year were 58% (2021 - 48%).

Adjusted EBITDA for the year is £483k (2021 - £64k).

The hotel refurbishment continued during the year, with the refurbishment of Dukes Bar and The Princess Restaurant (now renamed Restaurant 1865). We also constructed a new revenue stream via "The Ski Lodge", providing further opportunities, both private and corporate, for customers to attend and relax in surroundings akin to a ski lodge and enjoy food and beverage with entertainment.

All other subsidiaries are non-trading or holding assets for active development, with only minimal activity during the year due to COVID-19 restrictions.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and execution of the Group's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Group relate to the trading company and are considered to relate to competitor activity, market trends and forecasts and customer behaviour. These risks are addressed by the board undertaking regular strategic reviews including assessments of competitor activity and pricing and by focusing on investment in training and development of staff and their long-term retention within the Company.

We have a flexible workforce, providing us with flexibility to draw on extra staff or conversely, reduce staff presence to counteract occupancy levels. As we provide non-residency facilities for events such as weddings, conferences and fine dining we can call upon external security teams to provide reassurance to attendees and protect our licence, have CCTV systems in place to discourage inappropriate behaviour, number plate recognition in our car park which visitors log in upon arrival and now with social distancing regulations, we take appropriate details of attendees for track and trace purposes, all within strict GDPR regulations.

KEY PERFORMANCE INDICATORS

The trading Company's KPI's included the following, and are monitored on a monthly basis:

Turnover: performance is compared with prior year and current year forecast.

Occupancy %: performance is compared with prior year and current year forecast.

Average Room Rate (ARR): accommodation income for the month, divided by the number of days in the month and number of rooms (74).

Revenue Per Available Room (Rev Par): similar to ARR but rooms can be decommissioned at various times, for various reasons, e.g. maintenance, refurbishment. This KPI provides a higher room rate achieved than ARR.

Gross Profit %: we set a percentage of return we strive for when deducting cost of sales e.g. direct wages, food and liquor costs from turnover, and compare this to prior year, current year forecast and competitors / market trends where available.

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

OTHER INFORMATION AND EXPLANATIONS

Environment

The Group recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts.

Health and Safety

The safety of our staff and customers is of paramount importance to the Group. We are committed to and strive to achieve the highest practicable standards.

Dividends

As in previous years, a dividend has not been paid to shareholders. Retained profits have been reinvested into the Group.

Financial Instruments

The group has a normal level of exposure to price, credit, liquidity and cash flow risks arising from trading activities which are conducted in sterling only. The company does not enter into any formally designated hedging arrangements. The group operates policies to ensure there is sufficient liquidity and cash with regular reviews of the cash position to ensure the group is able to cover its interest and capital payments.

Future Developments

Further refurbishment and improvements of the hotel have taken place since the year end as mentioned above, and there are future plans for more facilities to be introduced during 2023-24. Other group companies hold assets and the decision on the direction for these is yet to be finalised.

COVID-19

During the year, we saw the Worldwide pandemic continue and Government enforce lockdown, or severe trading restrictions within the hospitality industry for parts of the year through to March 2022. We have received Government support via the Furlough scheme, a reduction in VAT from 20% to 5% for accommodation, food & soft drinks, and a number of Local and National Government grants to assist during this period and in the current year, to assist with ongoing costs and to stimulate growth. These have provided a significant help towards a recovery.

Initially, our forecast for the current year has shown the business is more than viable and remains very much an ongoing concern during the period, stabilising with moderate growth, however we have exceeded the forecast with growth continuing. Our costs have increased to keep the hotel compliant with social distancing when required, and of the utmost cleanliness to combat the disease as much as possible. Along with the national campaign of vaccines to reduce the spread and symptoms of the virus, confidence in the hospitality industry has returned.

The Directors continue to support the Group and invest in on-going operational activities.

ON BEHALF OF THE BOARD:

F Yeganeh - Director

22 December 2022

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2022**

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2022.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2022.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2021 to the date of this report.

F Yeganeh
P Stewart
T Schwerdtfeger

DISCLOSURE IN THE STRATEGIC REPORT

The group has chosen in accordance with the Companies Act 2006 to set out in the group's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of future developments and financial instruments.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 the group and of the profit or loss of the group 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

Lewis Brownlee (Chichester) Limited were appointed auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

ON BEHALF OF THE BOARD:

F Yeganeh - Director

22 December 2022

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF 104 LIMITED

Opinion

We have audited the financial statements of 104 Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Income and Retained Earnings, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flow Statement and Notes to the Financial Statements, 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 group's and of the parent company affairs as at 31 March 2022 and of the group's 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 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 the audit:

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF 104 LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 four, 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 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 a Report of the Auditors 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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including legislation such as the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
104 LIMITED**

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

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

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 Report of the Auditors.

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 a Report of the Auditors 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.

Sam Ede BFP FCA FCCA (Senior Statutory Auditor)
for and on behalf of Lewis Brownlee (Chichester) Limited
Chartered Accountants
Statutory Auditors
Appledram Barns
Birdham Road
Chichester
West Sussex
PO20 7EQ

22 December 2022

**CONSOLIDATED
STATEMENT OF INCOME AND
RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2022**

		2022	2021
	Notes	£	as restated £
TURNOVER	3	3,319,295	896,998
Cost of sales		<u>2,268,412</u>	<u>1,134,408</u>
GROSS PROFIT/(LOSS)		1,050,883	(237,410)
Administrative expenses		<u>977,745</u>	<u>788,191</u>
		73,138	(1,025,601)
Other operating income	4	<u>71,365</u>	<u>510,228</u>
OPERATING PROFIT/(LOSS)	6	144,503	(515,373)
Interest receivable and similar income		<u>12</u>	<u>50</u>
		144,515	(515,323)
Interest payable and similar expenses	7	<u>79,727</u>	<u>64,804</u>
PROFIT/(LOSS) BEFORE TAXATION		64,788	(580,127)
Tax on profit/(loss)	8	<u>(2,586)</u>	<u>(74,895)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		67,374	(505,232)
Retained earnings at beginning of year as previously reported		(3,878,786)	(3,389,083)
Effect of prior year adjustment	10	889,141	904,670
RETAINED EARNINGS FOR THE GROUP AT END OF YEAR		<u>(2,922,271)</u>	<u>(2,989,645)</u>
Profit/(loss) attributable to: Owners of the parent		<u>67,374</u>	<u>(505,232)</u>

CONSOLIDATED BALANCE SHEET
31 MARCH 2022

		2022		2021
	Notes	£	£	as restated £
FIXED ASSETS				
Tangible assets	11		3,790,710	3,858,521
Investments	12		-	-
			<u>3,790,710</u>	<u>3,858,521</u>
CURRENT ASSETS				
Stocks	13	6,809,530	6,602,690	
Debtors	14	396,145	430,973	
Cash at bank and in hand		<u>33,705</u>	<u>61,293</u>	
		<u>7,239,380</u>	<u>7,094,956</u>	
CREDITORS				
Amounts falling due within one year	15	<u>11,139,945</u>	<u>11,060,986</u>	
NET CURRENT LIABILITIES			<u>(3,900,565)</u>	<u>(3,966,030)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			(109,855)	(107,509)
CREDITORS				
Amounts falling due after more than one year	16		<u>2,811,416</u>	<u>2,881,136</u>
NET LIABILITIES			<u>(2,921,271)</u>	<u>(2,988,645)</u>
CAPITAL AND RESERVES				
Called up share capital	20		1,000	1,000
Retained earnings	21		<u>(2,922,271)</u>	<u>(2,989,645)</u>
SHAREHOLDERS' FUNDS			<u>(2,921,271)</u>	<u>(2,988,645)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 22 December 2022 and were signed on its behalf by:

F Yeganeh - Director

COMPANY BALANCE SHEET
31 MARCH 2022

	Notes	2022		2021
		£	£	as restated £
FIXED ASSETS				
Tangible assets	11		-	-
Investments	12		<u>4,772,683</u>	<u>4,838,408</u>
			4,772,683	4,838,408
CURRENT ASSETS				
Stocks	13	1,440,908	1,484,762	
Debtors	14	7,274,326	3,801,812	
Cash at bank		<u>854</u>	<u>737</u>	
		8,716,088	5,287,311	
CREDITORS				
Amounts falling due within one year	15	<u>10,247,651</u>	<u>10,323,279</u>	
NET CURRENT LIABILITIES			<u>(1,531,563)</u>	<u>(5,035,968)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,241,120	(197,560)
PROVISIONS FOR LIABILITIES	19		<u>321,139</u>	<u>321,139</u>
NET ASSETS/(LIABILITIES)			<u>2,919,981</u>	<u>(518,699)</u>
CAPITAL AND RESERVES				
Called up share capital	20		1,000	1,000
Retained earnings	21		<u>2,918,981</u>	<u>(519,699)</u>
SHAREHOLDERS' FUNDS			<u>2,919,981</u>	<u>(518,699)</u>
Company's profit/(loss) for the financial year			<u>3,438,680</u>	<u>(54,106)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 22 December 2022 and were signed on its behalf by:

F Yeganeh - Director

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022**

		2022	2021
	Notes	£	as restated £
Cash flows from operating activities			
Cash generated from operations	24	430,891	(426,274)
Interest paid		(79,727)	(64,804)
Net cash from operating activities		<u>351,164</u>	<u>(491,078)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(157,916)	(436,503)
Sale of tangible fixed assets		8,103	-
Transfer of stock to fixed assets		(180,000)	-
Transfer of fixed assets to stock		230,000	-
Interest received		12	50
Net cash from investing activities		<u>(99,801)</u>	<u>(436,453)</u>
Cash flows from financing activities			
New loans in year		-	668,525
Loan repayments in year		(50,163)	-
Amount introduced by directors		-	170,749
Amount withdrawn by directors		(228,788)	-
Net cash from financing activities		<u>(278,951)</u>	<u>839,274</u>
Decrease in cash and cash equivalents		<u>(27,588)</u>	<u>(88,257)</u>
Cash and cash equivalents at beginning of year	25	61,293	149,550
Cash and cash equivalents at end of year	25	<u>33,705</u>	<u>61,293</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

1. **STATUTORY INFORMATION**

104 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 General Information page.

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" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £.

Going concern

The financial statements have been prepared on a going concern basis.

The group made a profit during the year ended 31 March 2022, but is still reporting significant net liabilities and is reliant on the continued support of the directors, investors and bankers to continue trading.

The business was again affected by the COVID-19 pandemic, less than in 2021, but still significant to the detriment of our revenues. The group benefitted from Government support measures and its bank to partially counter balance these.

Current year business has been profitable. The directors are of the opinion that the group can continue to trade on its own merit, but they remain fully committed through their desire and ability financially to support the group if required.

Having taken all of the above into consideration, assessing cash reserves at the time these financial statements are approved and preparing financial modelling scenarios, the directors are of the opinion that the going concern basis remains applicable for at least 12 months following the date of approval of the financial statements.

Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

2. **ACCOUNTING POLICIES - continued**

Significant judgements and estimates

In the application of the group'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.

Included in stock for the group is work-in-progress of £6,775,494 (2021: £6,589,348). There is a high level of estimation uncertainty relating to considerations of impairment for the work-in-progress. The directors consider there to be no impairment adjustment required.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of services to customers during the year. Turnover in respect of accommodation is recognised overnight during each night the customer stays. Other sales, including restaurant and bar revenue, are recognised at the point of purchase by the customer.

Tangible fixed assets

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

Land and buildings	- 2% on cost
Plant and machinery	- 33% on cost and 10% on reducing balance

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Assets under construction are not depreciated until they are brought into use.

Stocks

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

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Borrowing costs related to fixed assets

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

Financial instruments

Financial instruments are classified by the directors as basic or advanced following the conditions in FRS 102 Section 11. Basic financial instruments are recognised at amortised cost using the effective interest method, unless the effect of discounting would be immaterial, in which case they are stated at cost. The group has no advanced financial instruments

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

2. ACCOUNTING POLICIES - continued**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, 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.

Pension costs and other post-retirement benefits

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

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

3. TURNOVER

The turnover and profit (2021 - loss) before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	2022	2021
		as restated
	£	£
Hotel and event services	1,621,264	532,076
Food and drink	1,698,031	364,922
	<u>3,319,295</u>	<u>896,998</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

4. OTHER OPERATING INCOME

	2022	2021
	£	as restated £
Discounts received	649	-
Government grants	<u>70,716</u>	<u>510,228</u>
	<u>71,365</u>	<u>510,228</u>

5. EMPLOYEES AND DIRECTORS

	2022	2021
	£	as restated £
Wages and salaries	1,305,806	828,646
Social security costs	83,828	47,569
Other pension costs	16,903	4,136
	<u>1,406,537</u>	<u>880,351</u>

The average number of employees during the year was as follows:

	2022	2021
		as restated
Management	2	4
Housekeeping	18	16
Front of house	5	6
Food and beverage	34	30
Kitchen	16	16
Operations	-	1
Maintenance	2	-
Nights	2	-
Sales and marketing	<u>4</u>	<u>3</u>
	<u>83</u>	<u>76</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 83 (2021 - 76) .

	2022	2021
	£	as restated £
Directors' remuneration	<u>-</u>	<u>-</u>

6. OPERATING PROFIT/(LOSS)

The operating profit (2021 - operating loss) is stated after charging:

	2022	2021
	£	as restated £
Depreciation - owned assets	163,562	135,619
Loss on disposal of fixed assets	4,062	-
Audit fees	<u>12,675</u>	<u>10,135</u>

Auditors' remuneration for non-audit fees was £2,325 (2021: £865).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	as restated
	£	£
Bank loan interest	<u>79,727</u>	<u>64,804</u>

Borrowing costs excluded from interest payable and included in the cost of assets during the year are as follows:

	2022	2021
	£	£
Interest payable added to Work-in-progress	<u>115,323</u>	<u>182,255</u>

8. TAXATION**Analysis of the tax credit**

The tax credit on the profit for the year was as follows:

	2022	2021
	£	as restated
	£	£
Deferred tax	<u>(2,586)</u>	<u>(74,895)</u>
Tax on profit/(loss)	<u>(2,586)</u>	<u>(74,895)</u>

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2022	2021
	£	as restated
	£	£
Profit/(loss) before tax	<u>64,788</u>	<u>(580,127)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19 % (2021 - 19 %)	12,310	(110,224)
Effects of:		
Expenses not deductible for tax purposes	17,003	12,742
Change in deferred tax assets	(31,899)	22,587
Total tax credit	<u>(2,586)</u>	<u>(74,895)</u>

9. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

10. **PRIOR YEAR ADJUSTMENT****Group**

A prior year adjustment has been made to remove the brought forward deferred tax liability of £889,141 (2021 - £904,670). This liability relates to the chargeable gain that would arise if properties held by the group were to be sold at their carrying values. The liability has been removed on further review of the costs allowable against the chargeable gain, including indexation allowance.

Company

A prior year adjustment has been made to recognise deferred tax liabilities of £321,139 on the chargeable gain that would arise if properties held in subsidiaries Sharkfire Limited and ORL Limited were to be sold at their carrying values. The company has undertaken to settle the tax liability on behalf of its subsidiaries. The chargeable gain is a result of the properties being acquired in a business combination where the cost allowable for tax purposes is lower than the carrying value recognised in the financial statements of the subsidiaries.

11. **TANGIBLE FIXED ASSETS****Group**

	Land and buildings £	Plant and machinery £	Assets under construction £	Totals £
COST				
At 1 April 2021	3,518,170	2,023,809	303,666	5,845,645
Additions	-	97,280	240,636	337,916
Disposals	-	(14,096)	-	(14,096)
Reclassification/transfer	(230,000)	274,911	(274,911)	(230,000)
At 31 March 2022	<u>3,288,170</u>	<u>2,381,904</u>	<u>269,391</u>	<u>5,939,465</u>
DEPRECIATION				
At 1 April 2021	1,127,333	859,791	-	1,987,124
Charge for year	17,333	146,229	-	163,562
Eliminated on disposal	-	(1,931)	-	(1,931)
At 31 March 2022	<u>1,144,666</u>	<u>1,004,089</u>	<u>-</u>	<u>2,148,755</u>
NET BOOK VALUE				
At 31 March 2022	<u>2,143,504</u>	<u>1,377,815</u>	<u>269,391</u>	<u>3,790,710</u>
At 31 March 2021	<u>2,390,837</u>	<u>1,164,018</u>	<u>303,666</u>	<u>3,858,521</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 202212. **FIXED ASSET INVESTMENTS****Company**

	Shares in group undertakings £
COST	
At 1 April 2021	4,838,408
Impairments	<u>(65,725)</u>
At 31 March 2022	<u>4,772,683</u>
NET BOOK VALUE	
At 31 March 2022	<u>4,772,683</u>
At 31 March 2021	<u>4,838,408</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries**Queens Hotel (Portsmouth) Limited**

Registered office: The Queens Hotel Osborne Road, Clarence Parade, Portsmouth, England, PO5 3LJ

Nature of business: Hotelier

Class of shares:	%
Ordinary	holding 100.00

FJ31072018 Limited

Registered office: The Queens Hotel Osborne Road, Clarence Parade, Portsmouth, England, PO5 3LJ

Nature of business: Property development - dissolved post year end

Class of shares:	%
Ordinary	holding 100.00

Sharkfire Limited

Registered office: The Queens Hotel Osborne Road, Clarence Parade, Portsmouth, England, PO5 3LJ

Nature of business: Property development

Class of shares:	%
Ordinary	holding 100.00

Brassfile Limited

Registered office: The Queens Hotel Osborne Road, Clarence Parade, Portsmouth, England, PO5 3LJ

Nature of business: Property development

Class of shares:	%
Ordinary	holding 100.00

ORL Limited

Registered office: The Queens Hotel Osborne Road, Clarence Parade, Portsmouth, England, PO5 3LJ

Nature of business: Property development

Class of shares:	%
Ordinary	holding 100.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

13. STOCKS

	Group		Company	
	2022	2021 as restated	2022	2021 as restated
	£	£	£	£
Stocks	34,036	13,342	-	-
Work-in-progress	<u>6,775,494</u>	<u>6,589,348</u>	<u>1,440,908</u>	<u>1,484,762</u>
	<u>6,809,530</u>	<u>6,602,690</u>	<u>1,440,908</u>	<u>1,484,762</u>

Borrowing costs of £1,176,305 (2021 - £1,060,982) are included in work-in-progress.

14. DEBTORS

	Group		Company	
	2022	2021 as restated	2022	2021 as restated
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	643	-	-	-
Amounts owed by group undertakings	-	-	7,274,326	3,800,509
Other debtors	84,342	56,037	-	1,303
VAT	-	39,632	-	-
Prepayments and accrued income	<u>44,673</u>	<u>71,403</u>	-	-
	<u>129,658</u>	<u>167,072</u>	<u>7,274,326</u>	<u>3,801,812</u>
Amounts falling due after more than one year:				
Deferred taxation	<u>266,487</u>	<u>263,901</u>	-	-
Aggregate amounts	<u>396,145</u>	<u>430,973</u>	<u>7,274,326</u>	<u>3,801,812</u>

The group deferred tax debtor of £266,487 (2021 - £263,901) comprises £564,152 (2021 - £476,089) in relation to tax losses carried forward to future periods offset by deferred tax liabilities of £286,234 (2021 - £212,188) for accelerated capital allowances and £11,431 (2021 - £Nil) for chargeable gains on property that would become due if the property was sold at its carrying value.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2022	2021 as restated	2022	2021 as restated
	£	£	£	£
Bank loans and overdrafts (see note 17)	341,529	321,970	-	-
Trade creditors	291,973	164,496	9,196	10,996
Social security and other taxes	22,886	31,023	-	-
VAT	34,827	-	34,467	-
Other creditors	183,892	204,306	-	-
Directors' current accounts	9,206,932	9,435,720	9,206,932	9,435,720
Accruals and deferred income	<u>1,057,906</u>	<u>903,471</u>	<u>997,056</u>	<u>876,563</u>
	<u>11,139,945</u>	<u>11,060,986</u>	<u>10,247,651</u>	<u>10,323,279</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

16. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group	
	2022	2021
	£	as restated
	£	£
Bank loans (see note 17)	<u>2,811,416</u>	<u>2,881,136</u>

17. **LOANS**

An analysis of the maturity of loans is given below:

	Group	
	2022	2021
	£	as restated
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>341,529</u>	<u>321,970</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>2,703,082</u>	<u>330,304</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>108,334</u>	<u>2,542,498</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 yr by instal	<u>-</u>	<u>8,334</u>

The bank loans are repayable by equal monthly instalments over periods of up to 6 years after initial draw-downs, with interest charged at up to 4.29% above base rate.

18. **SECURED DEBTS**

The following secured debts are included within creditors:

	Group	
	2022	2021
	£	as restated
	£	£
Bank loans	<u>3,152,945</u>	<u>3,203,106</u>

Bank loans are secured by a charge over The Queens Hotel, 2 Osborne Road, Southsea, P05 3L on the bank's standard form dated 30 July 2018 and a fixed and floating charge against all assets held by Queens Hotel (Portsmouth) Limited dated 10 July 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

19. **PROVISIONS FOR LIABILITIES**

	Company	
	2022	2021
	£	as restated
	£	£
Deferred tax	<u>321,139</u>	<u>321,139</u>
Group		Deferred tax
		£
Balance at 1 April 2021		889,141
As previously reported		(889,141)
Prior year adjustment		-
Balance at 31 March 2022		<u>-</u>
Company		Deferred tax
		£
Balance at 1 April 2021		321,139
Prior year adjustment		321,139
As restated		321,139
Balance at 31 March 2022		<u>321,139</u>

The company has undertaken to settle the deferred tax liabilities of £321,139 on the chargeable gain that would arise if properties held in subsidiaries Sharkfire Limited and ORL Limited were to be sold at their carrying values. The chargeable gain is a result of the properties being acquired in a business combination where the cost allowable for tax purposes is lower than the carrying value recognised in the financial statements of the subsidiaries.

20. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:				
Number:	Class:	Nominal	2022	2021
		value:	£	as restated
			£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

The company has one class of ordinary shares which carry no right to fixed income. The shareholders are entitled to one vote per share at meetings of the company. All shares rank equally with regard to the company's residual assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

21. RESERVES**Group**

	Retained earnings £
At 1 April 2021	(3,878,786)
Prior year adjustment	<u>889,141</u>
	(2,989,645)
Profit for the year	<u>67,374</u>
At 31 March 2022	<u>(2,922,271)</u>

Company

	Retained earnings £
At 1 April 2021	(198,560)
Prior year adjustment	<u>(321,139)</u>
	(519,699)
Profit for the year	<u>3,438,680</u>
At 31 March 2022	<u>2,918,981</u>

22. ULTIMATE CONTROL

The immediate and ultimate controlling parties of the group are the directors in equal proportions.

23. RELATED PARTY DISCLOSURES

At the balance sheet date the directors were owed £9,206,932 (2021: £9,435,720) by the group. These amounts are repayable on demand and interest is charged at 2.2% per annum.

During the year, the group made purchases of £79,034 (2021: £nil) from an entity under significant influence of a shareholder and director of the group. At the balance sheet date, the amount owed by the group was £71,868 (2021: £nil).

During the year, the group received a loan of £20,000 (2021: £nil) from, and made recharges of £32,351 (2021: £nil) to an entity under significant influence of a shareholder and director of the group. At the balance sheet date, the amount owed by the group was £nil (2021: £nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

24. **RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2022	2021 as restated
	£	£
Profit/(loss) before taxation	64,788	(580,127)
Depreciation charges	163,561	135,619
Loss on disposal of fixed assets	4,062	-
Finance costs	79,727	64,804
Finance income	(12)	(50)
	<u>312,126</u>	<u>(379,754)</u>
Increase in stocks	(206,840)	(174,840)
Decrease/(increase) in trade and other debtors	37,414	(95,679)
Increase in trade and other creditors	288,191	223,999
Cash generated from operations	<u>430,891</u>	<u>(426,274)</u>

25. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2022

	31/3/22	1/4/21
	£	£
Cash and cash equivalents	<u>33,705</u>	<u>61,293</u>

Year ended 31 March 2021

	31/3/21	1/4/20 as restated
	£	£
Cash and cash equivalents	61,293	163,209
Bank overdrafts	-	(13,659)
	<u>61,293</u>	<u>149,550</u>

26. **ANALYSIS OF CHANGES IN NET DEBT**

	At 1/4/21	Cash flow	At 31/3/22
	£	£	£
Net cash			
Cash at bank and in hand	<u>61,293</u>	<u>(27,588)</u>	<u>33,705</u>
	<u>61,293</u>	<u>(27,588)</u>	<u>33,705</u>
Debt			
Debts falling due within 1 year	(321,970)	(19,559)	(341,529)
Debts falling due after 1 year	(2,881,136)	69,720	(2,811,416)
	<u>(3,203,106)</u>	<u>50,161</u>	<u>(3,152,945)</u>
Total	<u>(3,141,813)</u>	<u>22,573</u>	<u>(3,119,240)</u>

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