

REGISTERED NUMBER: 09964449 (England and Wales)

**GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021
FOR
104 LIMITED**

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FOR THE YEAR ENDED 31 MARCH 2021

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104 LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2021**

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 2021**

The directors present their strategic report of the company and the group for the year ended 31 March 2021.

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 were permitted to open only for 5 months, and of these, trading was restricted through the need to socially distance. Our lucrative festive period was cancelled due to a national lockdown.

Turnover for the year for the hotel is £897k, a decrease of 65% on the previous year.

Average occupancy rates of rooms during the year were 48% (2020 61%).

Adjusted (for certain administrative expenses) EBITDA for the year is £64k (2020 £246k).

The hotel refurbishment continued during the year, with the completion of the 2nd floor rooms, the basement to introduce 2 further function / conference rooms and another bar. Refurbishment of Dukes Bar and The Princess Restaurant (to be renamed Restaurant 1865) would commence in April 2021 and be finished prior to reopening for guests in June 2021.

All other subsidiaries are either non-trading or holding assets for active development however 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 2021**

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.

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 development of those is ongoing.

COVID-19

During the year, we saw the Worldwide pandemic arrive and Government enforce lockdown, or severe trading restrictions within the hospitality industry for 7 of the 12 months through to March 2021. We have received Government support via the Furlough scheme, a reduction in VAT from 20% to 5% for accommodation, food & soft drinks, the Eat Out to Help Out scheme and a number of Local and National Government grants to assist during this period and in the current year, to assist with reopening costs. 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

20 December 2021

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2021**

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2021.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2021.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2020 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

20 December 2021

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 2021 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 2021 and of the group's loss 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.

Other matters

The financial statements of the group for the year ended 31 March 2020 were audited by another auditor who expressed an unmodified opinion on those statements.

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 group 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 group, 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 group'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 group's legal advisors

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

21 December 2021

**CONSOLIDATED
STATEMENT OF INCOME AND
RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 £	2020 £
TURNOVER	3	896,998	2,553,421
Cost of sales		<u>1,134,408</u>	<u>1,839,458</u>
GROSS (LOSS)/PROFIT		(237,410)	713,963
Administrative expenses		<u>788,191</u>	<u>1,603,544</u>
		(1,025,601)	(889,581)
Other operating income	4	<u>510,228</u>	-
OPERATING LOSS	6	(515,373)	(889,581)
Interest receivable and similar income		<u>50</u>	<u>420</u>
		(515,323)	(889,161)
Interest payable and similar expenses	7	<u>64,804</u>	<u>56,603</u>
LOSS BEFORE TAXATION		(580,127)	(945,764)
Tax on loss	8	<u>(90,424)</u>	<u>(204,535)</u>
LOSS FOR THE FINANCIAL YEAR		(489,703)	(741,229)
Retained earnings at beginning of year as previously reported		(3,389,083)	(2,967,497)
Effect of change in accounting policy		-	319,643
RETAINED EARNINGS FOR THE GROUP AT END OF YEAR		<u>(3,878,786)</u>	<u>(3,389,083)</u>
Loss attributable to: Owners of the parent		<u>(489,703)</u>	<u>(741,229)</u>

CONSOLIDATED BALANCE SHEET
31 MARCH 2021

	Notes	£	2021 £	£	2020 £
FIXED ASSETS					
Tangible assets	10		3,858,521		3,557,637
Investments	11		<u>-</u>		<u>-</u>
			3,858,521		3,557,637
CURRENT ASSETS					
Stocks	12	6,602,690		6,427,850	
Debtors	13	430,973		260,399	
Cash at bank and in hand		61,293		<u>163,209</u>	
		7,094,956		<u>6,851,458</u>	
CREDITORS					
Amounts falling due within one year	14	11,060,986		<u>10,508,620</u>	
NET CURRENT LIABILITIES			(3,966,030)		(3,657,162)
TOTAL ASSETS LESS CURRENT LIABILITIES					
			(107,509)		(99,525)
CREDITORS					
Amounts falling due after more than one year	15		(2,881,136)		(2,383,888)
PROVISIONS FOR LIABILITIES	18		(889,141)		(904,670)
NET LIABILITIES			(3,877,786)		(3,388,083)
CAPITAL AND RESERVES					
Called up share capital	19		1,000		1,000
Retained earnings	20		(3,878,786)		(3,389,083)
SHAREHOLDERS' FUNDS			(3,877,786)		(3,388,083)

The financial statements were approved by the Board of Directors and authorised for issue on 20 December 2021 and were signed on its behalf by:

F Yeganeh - Director

COMPANY BALANCE SHEET
31 MARCH 2021

	Notes	£	2021 £	£	2020 £
FIXED ASSETS					
Tangible assets	10		-		-
Investments	11		<u>4,838,408</u>		<u>4,838,408</u>
			4,838,408		4,838,408
CURRENT ASSETS					
Stocks	12	1,484,762		1,298,019	
Debtors	13	3,801,812		3,679,802	
Cash at bank		<u>737</u>		<u>116</u>	
		5,287,311		<u>4,977,937</u>	
CREDITORS					
Amounts falling due within one year	14	<u>10,323,279</u>		<u>9,959,799</u>	
NET CURRENT LIABILITIES			(5,035,968)		(4,981,862)
TOTAL ASSETS LESS CURRENT LIABILITIES			(197,560)		(143,454)
CAPITAL AND RESERVES					
Called up share capital	19		1,000		1,000
Retained earnings	20		<u>(198,560)</u>		<u>(144,454)</u>
SHAREHOLDERS' FUNDS			(197,560)		(143,454)
Company's (loss)/profit for the financial year			<u>(54,106)</u>		<u>9,826</u>

The financial statements were approved by the Board of Directors and authorised for issue on 20 December 2021 and were signed on its behalf by:

F Yeganeh - Director

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	23	(426,274)	(828,596)
Interest paid		(64,804)	(56,603)
Net cash from operating activities		<u>(491,078)</u>	<u>(885,199)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(436,503)	(91,268)
Interest received		50	420
Net cash from investing activities		<u>(436,453)</u>	<u>(90,848)</u>
Cash flows from financing activities			
New loans in year		668,525	1,121,647
Amount introduced by directors		170,749	-
Net cash from financing activities		<u>839,274</u>	<u>1,121,647</u>
(Decrease)/increase in cash and cash equivalents		<u>(88,257)</u>	<u>145,600</u>
Cash and cash equivalents at beginning of year	24	<u>149,550</u>	3,950
Cash and cash equivalents at end of year	24	<u><u>61,293</u></u>	<u><u>149,550</u></u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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 continued to make losses during the year ended 31 March 2021, reports significant net liabilities and is reliant on the continued support of the directors, investors and bankers to continue trading.

The hotel business has been severely affected by the COVID-19 outbreak during the current reporting period being forced to close for a period of several months. This had a significant impact on revenues. The group has benefitted from support measures introduced by the Government and its bank during the pandemic, which has eased cashflow pressures, but it remains reliant on the bank and the company's investors until trade can be restored to full capacity.

The losses suffered in 2020 and prior have been the result of undertaking the hotel refurbishment whilst being open. At each stage of the refurbishment, sections or whole floors, of the hotel have been out of use, or function rooms unavailable, in addition to visitors delaying booking until breaks in the refurbishment had ceased.

The directors continue to actively develop the group's sites, held in the relevant subsidiaries, which has been severely disrupted by the COVID-19 outbreak.

However, after the current reporting accounting period, whilst still challenging, the directors are pleased to report the group has returned to profitability at very pleasing levels.

The directors are of the opinion that the group can continue to trade with their ongoing support and have stated the desire and the ability to support the group from a financial perspective, should the need arise. The group's bankers have already demonstrated in actions as well as in writing their continued support to ensure all debts are able to be paid as they become due.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

2. **ACCOUNTING POLICIES - continued**

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.

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.

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 and not provided
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.

Government grants

Grants relating to revenue are recognised in income on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate. Grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

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 2021**

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 loss before taxation are attributable to the one principal activity of the group.

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

	2021	2020
	£	£
Hotel and event services	532,076	1,311,133
Food and drink	<u>364,922</u>	<u>1,242,288</u>
	<u>896,998</u>	<u>2,553,421</u>

4. OTHER OPERATING INCOME

	2021	2020
	£	£
Government grants	<u>510,228</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

5. EMPLOYEES AND DIRECTORS

	2021	2020
	£	£
Wages and salaries	828,646	1,046,713
Social security costs	47,569	58,280
Other pension costs	4,136	15,252
	<u>880,351</u>	<u>1,120,245</u>

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

	2021	2020
Management	4	4
Administration	3	3
Housekeeping	16	20
Reception and events	6	13
Restaurant and bar	30	36
Catering	16	14
Operations	1	1
	<u>76</u>	<u>91</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 76 (2020 - 91) .

	2021	2020
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

6. OPERATING LOSS

The operating loss is stated after charging:

	2021	2020
	£	£
Depreciation - owned assets	135,619	135,921
Audit fees	10,135	9,985

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£	£
Bank loan interest	64,804	56,603

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

	2021	2020
	£	£
Interest payable added to Work-in-progress	<u>182,255</u>	<u>273,301</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

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

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

	2021 £	2020 £
Deferred tax	<u>(90,424)</u>	<u>(204,535)</u>
Tax on loss	<u>(90,424)</u>	<u>(204,535)</u>

Reconciliation of total tax credit included in profit and loss

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

	2021 £	2020 £
Loss before tax	<u>(580,127)</u>	<u>(945,764)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19 % (2020 - 19 %)	<u>(110,224)</u>	(179,695)
Effects of:		
Expenses not deductible for tax purposes	<u>12,742</u>	187
Change in deferred tax assets	<u>7,058</u>	<u>(25,027)</u>
Total tax credit	<u>(90,424)</u>	<u>(204,535)</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.

10. TANGIBLE FIXED ASSETS**Group**

	Land and buildings £	Plant and machinery £	Assets under construction £	Totals £
COST				
At 1 April 2020	3,554,175	1,854,967	-	5,409,142
Additions	-	168,842	267,661	436,503
Reclassification/transfer	<u>(36,005)</u>	-	<u>36,005</u>	-
At 31 March 2021	<u>3,518,170</u>	<u>2,023,809</u>	<u>303,666</u>	<u>5,845,645</u>
DEPRECIATION				
At 1 April 2020	1,110,000	741,505	-	1,851,505
Charge for year	<u>17,333</u>	<u>118,286</u>	-	<u>135,619</u>
At 31 March 2021	<u>1,127,333</u>	<u>859,791</u>	-	<u>1,987,124</u>
NET BOOK VALUE				
At 31 March 2021	<u>2,390,837</u>	<u>1,164,018</u>	<u>303,666</u>	<u>3,858,521</u>
At 31 March 2020	<u>2,444,175</u>	<u>1,113,462</u>	-	<u>3,557,637</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

11. FIXED ASSET INVESTMENTS**Company**

**Shares in
group
undertakings
£**

COST

At 1 April 2020
and 31 March 2021

4,838,408

NET BOOK VALUE

At 31 March 2021
At 31 March 2020

4,838,408

4,838,408

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

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: Dormant

Class of shares:	%
Ordinary	holding 100.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

12. **STOCKS**

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Stocks	13,342	25,245	-	-
Work-in-progress	6,589,348	6,402,605	1,484,762	1,298,019
	<u>6,602,690</u>	<u>6,427,850</u>	<u>1,484,762</u>	<u>1,298,019</u>

Borrowing costs of £1,060,982 (2020 - £878,727) are included in work-in-progress.

13. **DEBTORS**

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	-	1,447	-	-
Amounts owed by group undertakings	-	-	3,800,509	3,646,183
Other debtors	56,037	23,193	1,303	489
VAT	39,632	-	-	-
Prepayments and accrued income	71,403	46,753	-	-
	<u>167,072</u>	<u>71,393</u>	<u>3,801,812</u>	<u>3,646,672</u>
Amounts falling due after more than one year:				
Deferred taxation	263,901	189,006	-	33,130
Aggregate amounts	<u>430,973</u>	<u>260,399</u>	<u>3,801,812</u>	<u>3,679,802</u>

The group deferred tax debtor of £263,901 (2020 - £189,006) comprises £476,089 (2020 - £400,565) in relation to tax losses carried forward to future periods offset by £212,189 (2020 - £211,559) in relation to accelerated capital allowances.

14. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans and overdrafts (see note 16)	321,970	164,352	-	-
Trade creditors	164,496	151,350	10,996	480
Social security and other taxes	31,023	23,811	-	-
VAT	-	760	-	-
Other creditors	204,306	168,028	-	-
Directors' current accounts	9,435,720	9,264,971	9,435,720	9,264,971
Accruals and deferred income	903,471	735,348	876,563	694,348
	<u>11,060,986</u>	<u>10,508,620</u>	<u>10,323,279</u>	<u>9,959,799</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

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

	Group	
	2021	2020
	£	£
Bank loans (see note 16)	2,881,136	2,383,888

16. **LOANS**

An analysis of the maturity of loans is given below:

		Group	
		2021	2020
		£	£
Amounts falling due within one year or	on demand:		
Bank overdrafts		-	13,659
Bank loans		321,970	150,693
		321,970	164,352
Amounts falling due between one and	two years:		
Bank loans - 1-2 years		330,304	280,304
Amounts falling due between two and	five years:		
Bank loans - 2-5 years		2,542,498	1,022,760
Amounts falling due in more than five	years:		
Repayable by instalments			
Bank loans more 5 yr by instal		8,334	1,080,824

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.

17. **SECURED DEBTS**

The following secured debts are included within creditors:

	Group	
	2021	2020
	£	£
Bank loans	3,203,106	2,534,581

Bank loans are secured by a charge over The Queens Hotel, 2 Osborne Road, Southsea, PO5 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.

18. **PROVISIONS FOR LIABILITIES**

	Group	
	2021	2020
	£	£
Deferred tax	889,141	904,670

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

18. PROVISIONS FOR LIABILITIES - continued

Group

	Deferred tax £
Balance at 1 April 2020	904,670
Credit to Statement of Comprehensive Income during year	<u>(15,529)</u>
Balance at 31 March 2021	<u>889,141</u>

The deferred tax liability set out above is expected to reduce by £15,529 within 12 months and relates to the revaluation of assets on consolidation.

19. CALLED UP SHARE CAPITAL**Allotted, issued and fully paid:**

Number:	Class:	Nominal value:	2021 £	2020 £
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.

20. RESERVES**Group**

	Retained earnings £
At 1 April 2020	(3,389,083)
Deficit for the year	<u>(489,703)</u>
At 31 March 2021	<u>(3,878,786)</u>

Company

	Retained earnings £
At 1 April 2020	(144,454)
Deficit for the year	<u>(54,106)</u>
At 31 March 2021	<u>(198,560)</u>

21. ULTIMATE CONTROL

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

22. RELATED PARTY DISCLOSURES

As at 31 March 2021, the directors were owed £9,435,720 (2019: £9,264,971) by the group. These amounts are repayable on demand and interest is charged at either 2% above LIBOR or 4% above LIBOR on some of these loans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

23.	RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS	2021	2020	
		£	£	
	Loss before taxation	(580,127)	(945,764)	
	Depreciation charges	135,619	135,921	
	Finance costs	64,804	56,603	
	Finance income	(50)	(420)	
		<u>(379,754)</u>	<u>(753,660)</u>	
	Increase in stocks	(174,840)	(293,588)	
	(Increase)/decrease in trade and other debtors	(95,679)	78,209	
	Increase in trade and other creditors	223,999	140,443	
	Cash generated from operations	<u>(426,274)</u>	<u>(828,596)</u>	
24.	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 2021	31/3/21	1/4/20	
		£	£	
	Cash and cash equivalents	61,293	163,209	
	Bank overdrafts	-	(13,659)	
		<u>61,293</u>	<u>149,550</u>	
	Year ended 31 March 2020	31/3/20	1/4/19	
		£	£	
	Cash and cash equivalents	163,209	10,143	
	Bank overdrafts	(13,659)	(6,193)	
		<u>149,550</u>	<u>3,950</u>	
25.	ANALYSIS OF CHANGES IN NET DEBT			
		At 1/4/20	Cash flow	At 31/3/21
		£	£	£
	Net cash			
	Cash at bank and in hand	163,209	(101,916)	61,293
	Bank overdrafts	(13,659)	13,659	-
		<u>149,550</u>	<u>(88,257)</u>	<u>61,293</u>
	Debt			
	Debts falling due within 1 year	(150,693)	(171,277)	(321,970)
	Debts falling due after 1 year	(2,383,888)	(497,248)	(2,881,136)
		<u>(2,534,581)</u>	<u>(668,525)</u>	<u>(3,203,106)</u>
	Total	<u>(2,385,031)</u>	<u>(756,782)</u>	<u>(3,141,813)</u>

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.