

Company Registration No. 00884883 (England and Wales)

THE SPA HOTEL (TUNBRIDGE WELLS) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2020



THE SPA HOTEL (TUNBRIDGE WELLS) LIMITED

COMPANY INFORMATION

Directors	Mr C Scragg Mr A Scragg
Company number	00884883
Registered office	The Spa Hotel Langton Road Tunbridge Wells Kent United Kingdom TN4 8XJ
Auditor	Azets Audit Services Globe House, Eclipse Park Sittingbourne Road Maidstone Kent ME14 3EN United Kingdom
Business address	The Spa Hotel Langton Road Tunbridge Wells Kent United Kingdom TN4 8XJ

THE SPA HOTEL (TUNBRIDGE WELLS) LIMITED

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THE SPA HOTEL (TUNBRIDGE WELLS) LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 30 JUNE 2020

The directors present their annual report and financial statements for the period ended 30 June 2020.

Principal activities

The principal activity of the company is the operation of The Spa Hotel and associated facilities at Tunbridge Wells, Kent.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Mr C Scragg
Mr A Scragg

Auditor

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Change in name of auditors

On 7 September 2020 Group Audit Services Limited trading as Wilkins Kennedy Audit Services changed its name to Azets Audit Services Limited. The name they practice under is Azets Audit Services and accordingly they have signed their report in their new name.

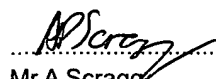
Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Covid-19

Whilst the impact of Covid-19 has had a significant impact on the hospitality industry, the directors have taken steps to mitigate the impact on the company. The company has sufficient cash reserves to see it through periods of lockdown and the Directors are regularly monitoring the effect of the outbreak on trading and cash and continue to implement measures for reducing any short-term impacts on the business. The company has made use of government support schemes, including the Coronavirus Job Retention Scheme (JRS) and Coronavirus Business Interruption Loans Scheme (CBILS), to support the business. Looking ahead, the directors do not expect a reduction in economic activity in the medium to long term.

On behalf of the board



Mr A Scragg
Director

Date: 7-4-21

THE SPA HOTEL (TUNBRIDGE WELLS) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2020

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE SPA HOTEL (TUNBRIDGE WELLS) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE SPA HOTEL (TUNBRIDGE WELLS) LIMITED

Opinion

We have audited the financial statements of The Spa Hotel (Tunbridge Wells) Limited (the 'company') for the period ended 30 June 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the note 1.2 to the financial statements regarding the outbreak of the COVID-19 virus. The full extent of the impact of the virus remains unclear and it is difficult to evaluate all the potential implications on the company's ability to trade, suppliers and the wider economy. These conditions indicate the existence of a material uncertainty, which may cast doubt about the company's ability to continue as a going concern.

The financial statements do not include the adjustments that would result were a reduction in economic activity to impact the business' ability to trade as a going concern.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

THE SPA HOTEL (TUNBRIDGE WELLS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE SPA HOTEL (TUNBRIDGE WELLS) LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the company is not entitled to claim exemption in preparing a strategic report due to it being a member of an ineligible group.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

THE SPA HOTEL (TUNBRIDGE WELLS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE SPA HOTEL (TUNBRIDGE WELLS) LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Azets Audit Services

**Marc Farmer FCA (Senior Statutory Auditor)
for and on behalf of Azets Audit Services
Chartered Accountants
Statutory Auditor**

7 April 2021
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**Globe House
Eclipse Park
Sittingbourne Road
Maidstone
Kent
United Kingdom
ME14 3EN**

THE SPA HOTEL (TUNBRIDGE WELLS) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2020

		Period ended 30 June 2020 £	Year ended 31 March 2019 £
	Notes		
Turnover	3	4,367,527	4,574,217
Cost of sales		(2,641,694)	(2,358,010)
Gross profit		1,725,833	2,216,207
Administrative expenses		(2,625,843)	(1,823,761)
Other operating income		383,883	-
Operating (loss)/profit	4	(516,127)	392,446
Interest receivable and similar income	6	501	2
Interest payable and similar expenses	7	(193,629)	(94,443)
(Loss)/profit before taxation		(709,255)	298,005
Taxation	8	110,244	(52,565)
(Loss)/profit for the financial period		(599,011)	245,440

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

THE SPA HOTEL (TUNBRIDGE WELLS) LIMITED

BALANCE SHEET

AS AT 30 JUNE 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	9		2,272,770		2,694,627
Current assets					
Stocks	10	26,827		60,536	
Debtors	11	207,063		175,491	
Cash at bank and in hand		281,818		330,967	
		515,708		566,994	
Creditors: amounts falling due within one year	12	(2,149,082)		(1,967,719)	
Net current liabilities			(1,633,374)		(1,400,725)
Total assets less current liabilities			639,396		1,293,902
Creditors: amounts falling due after more than one year	13		(28,269)		-
Provisions for liabilities					
Deferred tax liability	15	67,651		151,415	
			(67,651)		(151,415)
Net assets			543,476		1,142,487
Capital and reserves					
Called up share capital	17		265,000		265,000
Profit and loss reserves			278,476		877,487
Total equity			543,476		1,142,487

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

The financial statements were approved by the board of directors and authorised for issue on 7-4-21 and are signed on its behalf by:



Mr A Scragg
Director

Company Registration No. 00884883

THE SPA HOTEL (TUNBRIDGE WELLS) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2020

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2018	265,000	632,047	897,047
Year ended 31 March 2019:			
Profit and total comprehensive income for the year	-	245,440	245,440
Balance at 31 March 2019	265,000	877,487	1,142,487
Period ended 30 June 2020:			
Loss and total comprehensive income for the period	-	(599,011)	(599,011)
Balance at 30 June 2020	265,000	278,476	543,476

THE SPA HOTEL (TUNBRIDGE WELLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2020

1 Accounting policies

Company information

The Spa Hotel (Tunbridge Wells) Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Spa Hotel, Langton Road, Tunbridge Wells, Kent, United Kingdom, TN4 8XJ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Scragg Hotels Limited. These consolidated financial statements are available from its registered office, The Spa Hotel, Langton Road, Tunbridge Wells, Kent, TN4 8XJ.

THE SPA HOTEL (TUNBRIDGE WELLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

1.2 Going concern

Notwithstanding that the company has net current liabilities of £1,633,374 at the balance sheet date the directors believe that adequate funding and investment to ensure that the company can meet its liabilities as they fall due, will be available to the company for the foreseeable future with continued support of the parent company, Scragg Hotels Limited.

The main reason for the net current liability position is a balance due to the parent company of £1,167,309 which is included within current liabilities on the basis that it is repayable on demand. The parent company has given assurances that they shall not seek repayment of this loan if doing so would harm the company's ability to continue to trade as a going concern.

Covid-19

The directors have considered the impact of the Covid-19 virus on the future business activity of the company and do not expect a reduction in economic activity in the medium to long term.

The directors are regularly monitoring the effect of the outbreak on trading and cash and implementing measures for reducing any short-term impacts on the business, this includes making use of government support schemes where available.

As a consequence of these factors and other evidence available to the directors in respect of the company's trading prospects, the directors are satisfied that the company has sufficient resources to meet its liabilities as they fall due for a period of at least twelve months from the date of signing of these financial statements and thus the directors have adopted the going concern basis in preparing these financial statements.

1.3 Reporting period

These financial statements are presented for the 15 month period ending 30 June 2020. The comparative figures provided relate to the 12 month period ended 31 March 2019. As a result of the change in reporting date, the comparatives are not entirely comparable.

1.4 Turnover

Turnover represents net invoiced sales of goods and services (being room income, restaurant sales and other usual supplies made by a hotel), excluding value added tax. Turnover is recognised once the performance of the service has been concluded or goods have been delivered.

1.5 Tangible fixed assets

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold buildings	2% per annum on cost
Plant and machinery	10%, 20% and 33% per annum on cost
Furniture and effects	20% per annum on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

No depreciation is charged on freehold land.

THE SPA HOTEL (TUNBRIDGE WELLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price.

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

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has applied the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

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

THE SPA HOTEL (TUNBRIDGE WELLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

THE SPA HOTEL (TUNBRIDGE WELLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 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.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

THE SPA HOTEL (TUNBRIDGE WELLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no material indicators of impairments identified during the current financial year other than in respect of bad and doubtful trade debtor balances recognised in the financial statements.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Determining useful economic lives of tangible fixed assets

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

3 Turnover and other revenue

An analysis of the company's other significant revenue is as follows:

	2020	2019
	£	£
Other significant revenue		
Interest income	501	2
Grants received	383,883	-
	<u> </u>	<u> </u>

4 Operating (loss)/profit

	2020	2019
	£	£
Operating (loss)/profit for the period is stated after charging/(crediting):		
Government grants	(383,883)	-
Fees payable to the company's auditor for audit services	12,350	9,650
Depreciation of owned tangible fixed assets	724,183	99,655
Depreciation of tangible fixed assets held under finance leases	7,057	-
	<u> </u>	<u> </u>

THE SPA HOTEL (TUNBRIDGE WELLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

5 Employees

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

	2020 Number	2019 Number
Directors	1	1
Hotel staff and management	105	100
	<u>106</u>	<u>101</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	2,209,914	1,780,981
Social security costs	169,124	146,514
Pension costs	60,266	48,764
	<u>2,439,304</u>	<u>1,976,259</u>

In addition to the above costs, the cost of agency workers in the period was £49,394 (2019: £52,058).

6 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	<u>501</u>	<u>2</u>

7 Interest payable and similar expenses

	2020 £	2019 £
Interest payable to group undertakings	191,686	94,443
Interest on finance leases and hire purchase contracts	1,943	-
	<u>193,629</u>	<u>94,443</u>

THE SPA HOTEL (TUNBRIDGE WELLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

8 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	(26,780)	38,161
Adjustments in respect of prior periods	-	2,229
Total current tax	<u>(26,780)</u>	<u>40,390</u>
Deferred tax		
Origination and reversal of timing differences	<u>(83,464)</u>	<u>12,175</u>
Total tax (credit)/charge	<u>(110,244)</u>	<u>52,565</u>

The actual (credit)/charge for the period can be reconciled to the expected (credit)/charge for the period based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
(Loss)/profit before taxation	<u>(709,255)</u>	<u>298,005</u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(134,758)	56,621
Tax effect of expenses that are not deductible in determining taxable profit	326	-
Effect of change in corporation tax rate	17,833	-
Under/(over) provided in prior years	-	2,229
Fixed asset timing differences	6,355	(6,285)
Taxation (credit)/charge for the period	<u>(110,244)</u>	<u>52,565</u>

THE SPA HOTEL (TUNBRIDGE WELLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

9 Tangible fixed assets

	Freehold buildings £	Plant and machinery £	Furniture and effects £	Total £
Cost				
At 1 April 2019	2,202,657	2,077,543	53,140	4,333,340
Additions	163,616	137,363	8,404	309,383
Disposals	-	(419,879)	-	(419,879)
At 30 June 2020	2,366,273	1,795,027	61,544	4,222,844
Depreciation and impairment				
At 1 April 2019	320,884	1,281,056	36,773	1,638,713
Depreciation charged in the period	31,257	686,863	13,120	731,240
Eliminated in respect of disposals	-	(419,879)	-	(419,879)
At 30 June 2020	352,141	1,548,040	49,893	1,950,074
Carrying amount				
At 30 June 2020	2,014,132	246,987	11,651	2,272,770
At 31 March 2019	1,881,773	796,487	16,367	2,694,627

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2020 £	2019 £
Plant and machinery	35,288	-

The AIB Group (UK) Plc holds a legal charge over The Spa Hotel, included within freehold buildings, see note 18.

10 Stocks

	2020 £	2019 £
Raw materials and consumables	26,827	60,536

THE SPA HOTEL (TUNBRIDGE WELLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

11 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	16,417	58,862
Corporation tax recoverable	26,810	-
Other debtors	163,836	116,629
	<u>207,063</u>	<u>175,491</u>

12 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Obligations under finance leases	14	7,870	-
Trade creditors		115,164	172,960
Amounts owed to group undertakings		1,167,309	1,153,765
Corporation tax		-	38,071
Other taxation and social security		107,776	126,351
Other creditors		750,963	476,572
		<u>2,149,082</u>	<u>1,967,719</u>

13 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Obligations under finance leases	14	<u>28,269</u>	<u>-</u>

14 Finance lease obligations

	2020 £	2019 £
Future minimum lease payments due under finance leases:		
Within one year	7,870	-
In two to five years	28,269	-
	<u>36,139</u>	<u>-</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

THE SPA HOTEL (TUNBRIDGE WELLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

15 Deferred taxation

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

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Accelerated capital allowances	67,651	151,415
	<u>67,651</u>	<u>151,415</u>
Movements in the period:		2020 £
Liability at 1 April 2019		151,415
Credit to profit or loss		(83,764)
		<u>67,651</u>
Liability at 30 June 2020		<u>67,651</u>

16 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	48,784	15,455
	<u>48,784</u>	<u>15,455</u>

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

17 Share capital

	2020 Number	2019 Number	2020 £	2019 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	265,000	265,000	265,000	265,000
	<u>265,000</u>	<u>265,000</u>	<u>265,000</u>	<u>265,000</u>

18 Financial commitments, guarantees and contingent liabilities

The company is party to a cross guarantee in favour of AIB Group (UK) Plc, together with Scragg Hotels Limited. The total group borrowings covered by this guarantee amount to £3,850,000 (2019: £4,000,000), which all relate to Scragg Hotels Limited.

19 Events after the reporting date

An agreement to sell the lower car park and adjacent stables to a third party was signed 3 February 2020. The sale completed on 28 August 2020. The total sale price of this land was £1,800,000 of which £300,000 was paid on exchange of the supplemental agreement, £1,200,000 was paid on completion and £300,000 deferred consideration is payable on or before 30 June 2022. All considerations received and related costs realised in the period under review have been deferred as at the period end date.

THE SPA HOTEL (TUNBRIDGE WELLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

20 Ultimate controlling party

The immediate parent company is Scragg Hotels Limited, a company registered in England and Wales.

Scragg Hotels Limited prepares group financial statements and copies can be obtained from The Spa Hotel, Langton Road, Tunbridge Wells, Kent.