

Strategic Report, Report of the Directors and

Financial Statements

for the Year Ended 30 April 2022

for

Downs Holdings Limited

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for the Year Ended 30 April 2022

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Downs Holdings Limited
Company Information
for the Year Ended 30 April 2022

DIRECTORS: Mrs A Downs
Mr S M Downs

SECRETARY: Mr S M Downs

REGISTERED OFFICE: Kirklevington Hall Farm
Kirklevington
Yarm
Cleveland
TS15 9LW

REGISTERED NUMBER: 01325054 (England and Wales)

AUDITORS: Anderson Barrowcliff LLP
Statutory Auditor
Chartered Accountants
3 Kingfisher Court
Bowesfield Park
Stockton on Tees
TS18 3EX

Strategic Report
for the Year Ended 30 April 2022

The directors present their strategic report for the year ended 30 April 2022.

REVIEW OF BUSINESS

During the year the company has continued where possible to operate its two hotels to the same exacting standards set in prior years. However, turnover has increased after the temporary closures and disruptions to hospitality venues brought about by the Covid-19 pandemic which saw government imposed interruption from 26 March 2020 to July 2021. As explained in note 5 the company has received government support grants of £64,660 during the year. However in spite of the government support received, the company has incurred a loss before tax of £119,387 (2021: £802,514 loss).

The cost of living challenges, following a surge in energy costs and the continuing war in Ukraine, have led to significant difficulties in the sector. Since the year end these challenges, together with the lack of availability of suitable staff, have led to the directors making the difficult decision to sell one of the company's hotels, as stated in note 23.

Despite all the challenges faced by the company the directors remain optimistic about it's future success.

PRINCIPAL RISKS AND UNCERTAINTIES

In common with other businesses in the hotel industry, the principal risks affecting the performance are the economic climate in light of the Covid-19 pandemic and current cost of living crisis. The Directors believe they have taken, and continue to take, adequate and appropriate steps to mitigate these risks.

The company aims to minimise financial risk wherever possible. The measures used by the directors to manage risk include the preparation of forecasts, regular monitoring of actual performance against these forecasts, and ensuring adequate sources of finance are in place to meet the requirements of the business.

FINANCIAL INSTRUMENTS

The company's principal financial instruments comprise bank balances, hire purchase agreements, trade creditors, trade debtors and bank and other loans. The main purpose of these instruments is to raise funds for and finance the company's operations.

KEY PERFORMANCE INDICATORS

Given the straight forward nature of the business, the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the entity, and all the relevant financial information has been disclosed within the financial statements.

ON BEHALF OF THE BOARD:

Mr S M Downs - Secretary

28 April 2023

Report of the Directors
for the Year Ended 30 April 2022

The directors present their report with the financial statements of the company for the year ended 30 April 2022.

PRINCIPAL ACTIVITY

The principal activity is that of hoteliers.

DIVIDENDS

No dividends will be distributed for the year ended 30 April 2022.

FUTURE DEVELOPMENTS

Notwithstanding the loss after tax in the year of £119,387 (2021: £700,514) and net current liabilities of £309,816 (2021: £104,770 Net current assets) as at 30 April 2022, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

A number of Government support packages that have been available to businesses adversely affected during this time were utilised which includes the Government furlough scheme to ensure employees can be retained for when lockdown eases and local Council Covid assistance grants. In addition to this the Government had introduced a reduction in the VAT rate from 15 July 2020 to 31 March 2022 in the hospitality industry in order to aid recovery.

As stated in the Strategic Report, since the year end the directors have taken the difficult decision to sell one of the company's hotels. This has allowed the company to repay a significant proportion of its bank debt. As a result of this sale the directors consider that the company will continue to have sufficient funds to continue in operation for at least a period of 12 months from the date of approval of these financial statements.

Following the unprecedented situation that the company endured as the country was coming out of lockdown the directors are continuing with improvements to Gomersal Park Hotel to ensure that it continues to offer the standards expected of award winning hotels.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

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

Mrs A Downs

Mr S M Downs

DISCLOSURE IN THE STRATEGIC REPORT

The following items required to be disclosed in the Directors' Report are set out in the Strategic Report in accordance with s.414C(11) CA 200.

Financial Instruments

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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.

Report of the Directors
for the Year Ended 30 April 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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.

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 company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

Mr S M Downs - Secretary

28 April 2023

Report of the Independent Auditors to the Members of
Downs Holdings Limited

Opinion

We have audited the financial statements of Downs Holdings Limited (the 'company') for the year ended 30 April 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, 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 company's affairs as at 30 April 2022 and of its 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 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.

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 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 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 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 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
Downs Holdings 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 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages three and 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 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.

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:

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the industry, we have considered applicable laws and regulations which may be fundamental to the company's ability to operate or to avoid a material penalty, and we considered the extent to which non-compliance might have a material effect on the financial statements. We considered management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate manual journal entries to manipulate financial performance, management bias in significant accounting estimates and any significant one-off or unusual transactions.

We discussed among the audit engagement team the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Report of the Independent Auditors to the Members of
Downs Holdings Limited

Auditors' responsibilities for the audit of the financial statements (continued)

Audit procedures performed by the engagement team included:

- Enquiry of management, those charged with governance and the entity's solicitors around actual and potential litigation and claims.
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
- Challenging estimates and judgements made by management in their significant accounting estimates.
- Revenue recognition; agreeing a sample of revenue transactions to gain assurance over the occurrence and accuracy of revenue and also to ensure revenue has been recognised in the correct period.

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. The 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.

David Shawcross FCA (Senior Statutory Auditor)
for and on behalf of Anderson Barrowcliff LLP
Statutory Auditor
Chartered Accountants
3 Kingfisher Court
Bowesfield Park
Stockton on Tees
TS18 3EX

28 April 2023

Downs Holdings Limited (Registered number: 01325054)

**Statement of Comprehensive
Income
for the Year Ended 30 April 2022**

	Notes	2022 £	2021 £
TURNOVER	3	3,444,141	499,575
Cost of sales		<u>593,727</u>	<u>100,694</u>
GROSS PROFIT		2,850,414	398,881
Administrative expenses		<u>2,840,006</u>	<u>1,735,338</u>
		10,408	(1,336,457)
Other operating income		<u>4,913</u>	<u>162</u>
OPERATING PROFIT/(LOSS)		15,321	(1,336,295)
Government grants	5	<u>64,660</u>	<u>724,452</u>
		79,981	(611,843)
Interest receivable and similar income		<u>36</u>	<u>-</u>
		80,017	(611,843)
Interest payable and similar expenses	6	<u>199,404</u>	<u>190,671</u>
LOSS BEFORE TAXATION	7	(119,387)	(802,514)
Tax on loss	8	<u>-</u>	<u>(102,000)</u>
LOSS FOR THE FINANCIAL YEAR		(119,387)	(700,514)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(119,387)	(700,514)

The notes form part of these financial statements

Downs Holdings Limited (Registered number: 01325054)

Statement of Financial Position
30 April 2022

	Notes	2022 £	£	2021 £	£
FIXED ASSETS					
Tangible assets	9		6,423,088		6,485,966
CURRENT ASSETS					
Stocks	10	42,210		43,349	
Debtors	11	797,337		656,768	
Cash at bank and in hand		<u>855,302</u>		<u>1,061,834</u>	
		1,694,849		1,761,951	
CREDITORS					
Amounts falling due within one year	12	<u>2,004,665</u>		<u>1,657,181</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(309,816)</u>		<u>104,770</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			6,113,272		6,590,736
CREDITORS					
Amounts falling due after more than one year	13		<u>5,123,110</u>		<u>5,481,187</u>
NET ASSETS			<u>990,162</u>		<u>1,109,549</u>
CAPITAL AND RESERVES					
Called up share capital	18		25,000		25,000
Retained earnings	19		<u>965,162</u>		<u>1,084,549</u>
SHAREHOLDERS' FUNDS			<u>990,162</u>		<u>1,109,549</u>

The financial statements were approved by the Board of Directors and authorised for issue on 28 April 2023 and were signed on its behalf by:

Mr S M Downs - Director

The notes form part of these financial statements

Downs Holdings Limited (Registered number: 01325054)

Statement of Changes in Equity
for the Year Ended 30 April 2022

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 May 2020	25,000	1,785,063	1,810,063
Changes in equity			
Total comprehensive income	-	(700,514)	(700,514)
Balance at 30 April 2021	<u>25,000</u>	<u>1,084,549</u>	<u>1,109,549</u>
Changes in equity			
Total comprehensive income	-	(119,387)	(119,387)
Balance at 30 April 2022	<u>25,000</u>	<u>965,162</u>	<u>990,162</u>

The notes form part of these financial statements

Downs Holdings Limited (Registered number: 01325054)

Statement of Cash Flows
for the Year Ended 30 April 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	355,636	22,072
Interest paid		(199,404)	(190,671)
Tax paid/received		5,397	-
Net cash from operating activities		<u>161,629</u>	<u>(168,599)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(184,800)	(98,092)
Sale of tangible fixed assets		45,000	500
Interest received		36	-
Net cash from investing activities		<u>(139,764)</u>	<u>(97,592)</u>
Cash flows from financing activities			
New loans in year		-	5,750,000
Loan capital repayments		(256,154)	(4,159,162)
New hire purchase in year		33,401	28,700
Hire purchase capital repayments		(10,138)	(4,949)
Amount introduced by directors		4,494	1,108
Amount withdrawn by directors		-	(10,585)
Net cash from financing activities		<u>(228,397)</u>	<u>1,605,112</u>
(Decrease)/increase in cash and cash equivalents		<u>(206,532)</u>	<u>1,338,921</u>
Cash and cash equivalents at beginning of year	2	1,061,834	(277,087)
Cash and cash equivalents at end of year	2	<u>855,302</u>	<u>1,061,834</u>

The notes form part of these financial statements

**Notes to the Statement of Cash Flows
for the Year Ended 30 April 2022**

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2022	2021
	£	£
Loss before taxation	(119,387)	(802,514)
Depreciation charges	247,678	166,119
(Profit)/loss on disposal of fixed assets	(45,000)	5,472
Finance costs	199,404	190,671
Finance income	(36)	-
	<u>282,659</u>	<u>(440,252)</u>
Decrease in stocks	1,139	10,655
(Increase)/decrease in trade and other debtors	(150,460)	186,314
Increase in trade and other creditors	<u>222,298</u>	<u>265,355</u>
Cash generated from operations	<u>355,636</u>	<u>22,072</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 30 April 2022

	30.4.22	1.5.21
	£	£
Cash and cash equivalents	<u>855,302</u>	<u>1,061,834</u>

Year ended 30 April 2021

	30.4.21	1.5.20
	£	£
Cash and cash equivalents	1,061,834	5,533
Bank overdrafts	-	(282,620)
	<u>1,061,834</u>	<u>(277,087)</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.5.21	Cash flow	At 30.4.22
	£	£	£
Net cash			
Cash at bank and in hand	<u>1,061,834</u>	<u>(206,532)</u>	<u>855,302</u>
	<u>1,061,834</u>	<u>(206,532)</u>	<u>855,302</u>
Debt			
Finance leases	(24,679)	(23,262)	(47,941)
Debts falling due within 1 year	(285,818)	(106,035)	(391,853)
Debts falling due after 1 year	<u>(5,383,773)</u>	<u>362,188</u>	<u>(5,021,585)</u>
	<u>(5,694,270)</u>	<u>232,891</u>	<u>(5,461,379)</u>
Total	<u>(4,632,436)</u>	<u>26,359</u>	<u>(4,606,077)</u>

Notes to the Financial Statements
for the Year Ended 30 April 2022

1. STATUTORY INFORMATION

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

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

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland" (FRS102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention. The financial statements are prepared in sterling which is the functional currency of the company.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

GOING CONCERN

Notwithstanding a loss in the year of £119,387 (2021: Loss £700,514) and net current liabilities of £309,816 (2021 : £104,770 net current assets), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

A number of Government support packages that have been available to businesses adversely affected during this time were utilised which includes the Government furlough scheme to ensure employees can be retained for when lockdown eases and local Council Covid assistance grants. In addition to this the Government had introduced a reduction in the VAT rate from 15 July 2020 to 31 March 2022 in the hospitality industry in order to aid recovery.

As stated in the Strategic Report, since the year end the directors have taken the difficult decision to sell one of the company's hotels. This has allowed the company to repay a significant proportion of its bank debt. As a result of this sale the directors consider that the company will continue to have sufficient funds to continue in operation for at least a period of 12 months from the date of approval of these financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable net of VAT and trade discounts in respect of the sale of goods and services.

Grants received

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the company will comply with conditions attaching to them and the grants will be received using the accrual model.

Notes to the Financial Statements - continued
for the Year Ended 30 April 2022

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- Between 1% and 1 1/3% on cost
Long leasehold	- Over period of lease
Plant, machinery, fixtures & fittings	- Between 10% and 15% on cost
Motor vehicles	- 25% on reducing balance
Computer equipment	- 25% on cost

Fixed assets are stated at cost net of depreciation and any provision for impairment.

Depreciation is not provided on freehold land.

The company capitalises directly attributable finance costs on tangible fixed assets in the course of construction. Rates of capitalisation depend on whether a specific loan has been taken out (when the actual interest rate and interest paid are used), or whether the construction has been financed by general borrowings. Other directly attributable finance costs actually incurred are also capitalised where appropriate.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing stock to its present location and condition. Cost is calculated using the first-in, first-out formula. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the 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 statement of financial position date.

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

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

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

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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

Notes to the Financial Statements - continued
for the Year Ended 30 April 2022

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The company operates defined contribution pension schemes. Contributions are charged to the Profit and Loss as they accrue.

Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss.

Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment.

IMPAIRMENT

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss.

Judgements and key sources of estimation uncertainty

In the application of the companies accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the company.

4. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	1,551,346	1,076,621
Social security costs	94,917	57,962
Other pension costs	22,475	15,726
	<u>1,668,738</u>	<u>1,150,309</u>

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

	2022	2021
Directors	2	2
Hotel and catering	<u>116</u>	<u>102</u>
	<u>118</u>	<u>104</u>

	2022	2021
	£	£
Directors' remuneration	69,207	47,730
Directors' pension contributions to money purchase schemes	<u>1,344</u>	<u>1,988</u>

Downs Holdings Limited (Registered number: 01325054)

Notes to the Financial Statements - continued
for the Year Ended 30 April 2022

4. **EMPLOYEES AND DIRECTORS - continued**

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
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5. **EXCEPTIONAL ITEMS**

	2022	2021
	£	£
Government grants	<u>64,660</u>	<u>724,452</u>

The exceptional item in both years relates to government grants received.

6. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2022	2021
	£	£
Bank interest	185,649	183,757
Other interest	<u>13,755</u>	<u>6,914</u>
	<u>199,404</u>	<u>190,671</u>

7. **LOSS BEFORE TAXATION**

The loss is stated after charging/(crediting):

	2022	2021
	£	£
Hire of plant and machinery	3,641	3,604
Other operating leases	5,170	2,944
Depreciation - owned assets	163,764	162,357
Depreciation - assets on hire purchase contracts	3,762	3,762
(Profit)/loss on disposal of fixed assets	(45,000)	5,472
Auditors remuneration	13,600	12,000
Government grants received	<u>(64,660)</u>	<u>(724,452)</u>

8. **TAXATION**

Analysis of the tax credit

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

	2022	2021
	£	£
Deferred taxation	-	(102,000)
Tax on loss	<u>-</u>	<u>(102,000)</u>

Notes to the Financial Statements - continued
for the Year Ended 30 April 2022

8. TAXATION - continued

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:

	2022 £	2021 £
Loss before tax	<u>(119,387)</u>	<u>(802,514)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	(22,684)	(152,478)
Effects of:		
Expenses not deductible for tax purposes	888	12,379
Depreciation in excess of capital allowances	5,946	38,099
Losses not utilised	15,850	-
Total tax credit	<u>-</u>	<u>(102,000)</u>

Tax losses carried forward at the balance sheet date amounted to £1,062,481 (2021 - £979,062).

9. TANGIBLE FIXED ASSETS

	Freehold property £	Long leasehold £	Plant, machinery, fixtures & fittings £
COST			
At 1 May 2021	9,902,942	5,040	2,645,866
Additions	15,384	-	164,466
At 30 April 2022	<u>9,918,326</u>	<u>5,040</u>	<u>2,810,332</u>
DEPRECIATION			
At 1 May 2021	3,805,590	75	2,266,180
Charge for year	66,073	5	99,352
Impairments	-	-	80,152
At 30 April 2022	<u>3,871,663</u>	<u>80</u>	<u>2,445,684</u>
NET BOOK VALUE			
At 30 April 2022	<u>6,046,663</u>	<u>4,960</u>	<u>364,648</u>
At 30 April 2021	<u>6,097,352</u>	<u>4,965</u>	<u>379,686</u>

Notes to the Financial Statements - continued
for the Year Ended 30 April 2022

9. **TANGIBLE FIXED ASSETS - continued**

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 May 2021	5,350	14,655	12,573,853
Additions	-	4,950	184,800
At 30 April 2022	5,350	19,605	12,758,653
DEPRECIATION			
At 1 May 2021	4,557	11,485	6,087,887
Charge for year	198	1,898	167,526
Impairments	-	-	80,152
At 30 April 2022	4,755	13,383	6,335,565
NET BOOK VALUE			
At 30 April 2022	595	6,222	6,423,088
At 30 April 2021	793	3,170	6,485,966

Included in freehold land & buildings is land valued at £750,000 (2021 : £750,000) which is not depreciated.

Included within freehold land and buildings cost carried forward are finance and related costs of £240,348 (2021 : £240,348) which were capitalised during the construction of the expansion at Gomersal.

The freehold property has been pledged to secure the borrowings of the company (see note 16).

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant, machinery, fixtures & fittings £
COST	
At 1 May 2021	37,615
Additions	9,916
Transfer to ownership	(8,915)
Reclassification/transfer	21,976
At 30 April 2022	60,592
DEPRECIATION	
At 1 May 2021	7,103
Charge for year	3,762
Transfer to ownership	(5,125)
Reclassification/transfer	2,564
At 30 April 2022	8,304
NET BOOK VALUE	
At 30 April 2022	52,288
At 30 April 2021	30,512

Downs Holdings Limited (Registered number: 01325054)

Notes to the Financial Statements - continued
for the Year Ended 30 April 2022

10. STOCKS

	2022	2021
	£	£
Goods for resale	<u>42,210</u>	<u>43,349</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade debtors	89,693	5,882
Other debtors	253,874	291,086
Directors' current accounts	203,239	207,733
Taxation recoverable	125,532	130,929
Prepayments and accrued income	<u>124,999</u>	<u>21,138</u>
	<u>797,337</u>	<u>656,768</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Bank loans and overdrafts (see note 14)	391,853	285,818
Hire purchase contracts (see note 15)	11,062	5,876
Trade creditors	288,939	128,536
Social security and other taxes	242,133	230,685
Other creditors	272,928	214,205
Payment received on account	362,156	425,790
Accrued expenses	<u>435,594</u>	<u>366,271</u>
	<u>2,004,665</u>	<u>1,657,181</u>

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

	2022	2021
	£	£
Bank loans (see note 14)	5,021,585	5,383,773
Hire purchase contracts (see note 15)	36,879	18,803
Payment received on account	<u>64,646</u>	<u>78,611</u>
	<u>5,123,110</u>	<u>5,481,187</u>

14. LOANS

An analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year or on demand:		
Bank loans - less than 1 yr	<u>391,853</u>	<u>285,818</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>4,366,920</u>	<u>4,508,773</u>

Notes to the Financial Statements - continued
for the Year Ended 30 April 2022

14. LOANS - continued

	2022 £	2021 £
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>654,665</u>	<u>750,000</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more than 5 years by instalments	<u>-</u>	<u>125,000</u>

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts 2022 £	2021 £
Net obligations repayable:		
Within one year	11,062	5,876
Between one and five years	<u>36,879</u>	<u>18,803</u>
	<u>47,941</u>	<u>24,679</u>
	Non-cancellable	operating leases
	2022	2021
	£	£
Within one year	2,600	2,600
Between one and five years	<u>2,600</u>	<u>5,200</u>
	<u>5,200</u>	<u>7,800</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	2022 £	2021 £
Bank loans	5,413,438	5,669,591
Hire purchase contracts	<u>47,941</u>	<u>24,679</u>
	<u>5,461,379</u>	<u>5,694,270</u>

The bank loans are secured by charges over Gomersal Park Hotel and Judges Hotel and on a Scottish Equitable life insurance policy in the name of S M Downs.

The hire purchase and finance lease liabilities are secured on the assets to which they relate.

Notes to the Financial Statements - continued
for the Year Ended 30 April 2022

17. FINANCIAL INSTRUMENTS

The carrying amounts of the company's financial instruments are as follows:

	2022	2021
£		
Financial liabilities		
Measured at amortised cost		
- Bank loans (see note 14)	5,413,438	5,669,551
- Bank overdraft	-	-
- Hire purchase contracts (see note 15)	47,941	24,679
- Payment received in advance (see note 12-13)	426,802	504,401
	<u>5,888,181</u>	<u>6,198,631</u>

The expenses attributable to the company's financial instruments are summarised as follows:

	2022	2021
£		
Total interest expense for financial liabilities at amortised cost	<u>199,404</u>	<u>190,671</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022	2021
			£	£
25,000	Ordinary	£1	<u>25,000</u>	<u>25,000</u>

19. RESERVES

	Retained earnings £
At 1 May 2021	1,084,549
Deficit for the year	<u>(119,387)</u>
At 30 April 2022	<u>965,162</u>

Retained earnings represents cumulative profits and losses net of dividends and other adjustments.

20. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss as they accrue. The charge for the year amounted to £22,475 (2021 - £15,726). Contributions outstanding at the year end amounted to £8,743 (2021 - £4,068).

Notes to the Financial Statements - continued
for the Year Ended 30 April 2022

21. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to the directors subsisted during the years ended 30 April 2022 and 30 April 2021:

	2022	2021
	£	£
Balance outstanding at start of year	207,733	198,255
Amounts advanced	-	10,585
Amounts repaid	(4,494)	(1,107)
Balance outstanding at end of year	<u>203,239</u>	<u>207,733</u>

The loans to/from the directors are repayable on demand and interest free.

22. RELATED PARTY DISCLOSURES

At the year end, included in other debtors is an employee loan of £251,837 (2021 - £251,837) to Mrs S Downs, the wife of Mr SM Downs, a Director of the company. The interest free loan has no formal repayment terms and is repayable on demand.

Included within other creditors is money due to related parties being the shareholders and related parties of the shareholders. The amount owed at the balance sheet date is £145,000 (2021 : £145,000). This amount is interest free, has no formal repayment terms and is repayable on demand.

Key management is considered to be the Directors of the company. Total remuneration for the year is disclosed in note 4.

23. POST BALANCE SHEET EVENTS

Since the year end the company has disposed of its freehold land and buildings known as Judges at Kirklevington. The sale resulted in a number of assets within the hotel (held as Plant, machinery, fixtures and fittings within the accounts) being impaired. The charge to the profit and loss account amounted to £80,152 (2021:£Nil) which is included within the depreciation charge for the year.

24. CONTROL RELATIONSHIP

The Directors have determined that there is no controlling party as no individual shareholder is considered to hold a controlling interest in the Company.

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