

REGISTERED NUMBER
10525068

STOCKTON HOTELS COMPANY LIMITED

ACCOUNTS

FOR YEAR ENDED 31ST MARCH 2021

STOCKTON HOTELS COMPANY LTD
REGISTERED NUMBER: 10525068
STATEMENT OF FINANCIAL POSITION AS AT 31.03.21

		2020-21		2019-20	
	Note	£	£	£	£
Fixed Assets					
Equipment	4		2,587		829
			2,587		829
Current Assets					
Stock	5	7,445		12,517	
Debtors	6	353,971		224,037	
Cash at Bank and In Hand	7	869,886		939,172	
		1,231,312		1,175,727	
Creditors - amounts falling due within 1 year	8	(599,911)		(670,969)	
Net Current Assets			631,401		504,757
Total Assets less Current Liabilities			633,988		505,586
Long Term Liabilities					
Loans	9		(640,000)		(720,000)
Net Assets			- 6,012		- 214,414
Capital and Reserves					
Profit and Loss Reserve	11		(8,013)		(214,415)
Called up Share Capital	12		1		1
Total Capital and Reserves			- 6,012		- 214,414

The financial statements have been prepared in accordance with the provisions applicable to companies who are subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A.

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

For the year ending 31/03/2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The members have agreed to the preparation of abridged accounts for this accounting period in accordance with Section 444(2A).

The directors have opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:



.....
A. Montague
 Director

Date: 23rd December 2021

The notes on pages 2 to 5 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDING 31st MARCH 2021

1. GENERAL INFORMATION

Stockton Hotels Company is a private limited company limited by shares and incorporated in England. The address of the registered office and principal place of business is Municipal Buildings, Church Road, Stockton-On-Tees, England, TS18 1LD. The Company's registered number is 10525068

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2016.

The following principal accounting policies have been applied:

2.2 Revenue

Revenue recognised at the point of sale is the fair value of bar, food and hotel room sales, after deducting discounts and sales-based taxes.

Revenue from hotel rooms is recognised when rooms are occupied and as services are provided after deducting of discounts and sales-based taxes.

2.3 Foreign Currency Translation

The Company's functional and presentational currency is GBP

Foreign currency transactions are converted into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are converted using the closing rate

2.4 Operating Leases: the company as a lessee

Rentals paid under operating leases are charged to the statement of income and retained earnings

2.5 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

*The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and

*Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.6 Tangible Fixed Assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable in bringing the asset to location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

Depreciation is provided on the following basis:

Equipment: 20% straight line basis.

It is not provided for in the year of acquisition but is done so in the year of disposal.

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of income and retained earnings.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in first out basis.

2.8 Debtors

Short term debtors are measured at transaction price.

2.9 Cash at Bank and Petty Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including loans, are measured initially at fair value, net of transaction costs.

2.11 Financial Instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans to related parties and investments in non-puttable ordinary shares.

2.12 Dividends

No dividends were considered for the year ended 31st March 2021.

2.13 Going Concern

As the impact of the Covid 19 pandemic evolves it continues to bring a degree of uncertainty. Since year end, regular cashflow forecasts have been produced showing the ability of the Company to meet liabilities as they fall due. The Directors believe the assumptions underlying the forecasts are reasonable and that the company has sufficient funds to meet its liabilities as they fall due for a period of not less than 12 months from the date of signing these accounts and therefore continue to adopt the going concern basis in preparing financial statements.

3. EMPLOYEES

The average number of monthly employees including directors was 4 (2019-20 = 3).

4. FIXED ASSETS

	Equipment 2020-21 £
Cost or valuation	
As at 1st April 2020	829
Additions	1,924
As at 31st March 2021	<u>2,753</u>
Depreciation	
As at 1st April 2020	-
Charge for the period on owned assets	(166)
As at 31st March 2021	<u>(166)</u>
Net Book Value	
As at 31st March 2021	<u>2,587</u>

5. STOCKS

	2020-21 £	2019-20 £
Goods for resale	7,445	12,517
	<u>7,445</u>	<u>12,517</u>

6. DEBTORS

	2020-21 £	2019-20 £
Trade Debtors	38,364	9,390
Other Debtors	262,004	25,794
Prepayments and Accrued Income	53,602	188,854
	<u>353,971</u>	<u>224,037</u>

7. CASH AT BANK AND IN HAND

	2020-21 £	2019-20 £
Cash at bank and in hand	869,896	939,172
	<u>869,896</u>	<u>939,172</u>

8. CREDITORS

	2020-21 £	2019-20 £
Trade Creditors	(429,244)	(489,721)
Customer Deposits	(5,401)	(14,745)
Accruals and Deferred Income	(165,266)	(168,504)
	<u>(599,911)</u>	<u>(670,969)</u>

9. LOANS

	2020-21 £	2019-20 £
A loan was made from Stockton On Tees Borough Council to fund start up costs and provide working capital.	(640,000)	(720,000)
	<u>(640,000)</u>	<u>(720,000)</u>

10. COMMITMENT UNDER OPERATING LEASES

At 31st March 2021 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020-21 £	2019-20 £
Not later than 1 year	600,000	540,000
Later than 1 year and not later than 5 years	2,522,424	2,472,965
Later than 5 years	14,184,544	14,834,003
	<u>17,306,968</u>	<u>17,846,968</u>

11 PROFIT AND LOSS RESERVE

The Profit and Loss reserve as at 31st March 2021, incorporates a one off payment of £465,000 received from the Ultimate Controlling Party

12. CONTROLLING PARTY

The company is a subsidiary undertaking of Stockton Borough Holding Company. The company is ultimately controlled by Stockton on Tees Borough Council. Stockton on Tees Borough Council's registered office and principal place of business is Municipal Buildings, Church Road, Stockton-On-Tees, England, TS18 1LD

13. AUDITORS INFORMATION

An unqualified audit opinion was issued in respect of the ultimate controlling party's (Stockton On Tees Borough Council) annual consolidated group accounts by Gavin Barker, Engagement Lead for and on behalf of Mazars LLP. These featured Stockton Borough Holding Company and Stockton Hotels Company. The company were given an audit exemption under Section 477 of the Companies Act 2006 relating to small companies.

STOCKTON HOTELS COMPANY LTD
INCOME AND EXPENDITURE ACCOUNT FOR 01.04.20 - 31.03.21

		2020-21	2019-20
		£	£
Turnover	1 2	2,283,039	2,685,187
Cost Of Sales		(661,028)	(986,349)
Gross Profit		<u>1,622,011</u>	<u>1,698,838</u>
Admin and General		(167,840)	(250,291)
IT		(16,813)	-
Marketing		(34,232)	(44,139)
Repairs and Maintenance		(51,928)	(39,438)
Utilities		(162,891)	(161,529)
Franchise Fees		(170,336)	(258,834)
Operating Profit		<u>1,017,970</u>	<u>944,607</u>
Rents and Leases		(544,395)	(454,356)
Business Rates		-	(79,628)
Insurance		(32,227)	(30,933)
Management Fees		(77,196)	(96,008)
FFE Payment		(31,411)	(26,942)
Misc		(81,140)	(93,556)
Net Operating Profit / (Loss)		<u>251,602</u>	<u>163,185</u>
Interest Receivable		-	-
Interest Payable		(43,200)	(48,000)
Net Profit / (Loss) on Ordinary activities		<u>208,402</u>	<u>115,185</u>
Tax on Profit of Ordinary Activities		-	-
Net Profit / (Loss) for the financial year		<u>208,402</u>	<u>115,185</u>

1. The turnover includes £465,000 of grant given by the Council to the Hotel Company. This was unconditional to cover the losses that arise as a result of COVID.

It was made clear that this payment wasn't a loan or in exchange for an increase in share capital.

2. The turnover includes an accrual for £221,771 which was a provisional offer via email to settle a Business Interruption Claim through insurance

Stockton Hotels Company Ltd
Registered Number 10525068

REPORT OF THE DIRECTORS
for the year ended 31st March 2021

The Directors present their report for Stockton Hotels Company Limited for the year ended 31st March 2021.

Directors

The Directors shown below have held office during the whole period from 1st April 2020 to 31st March 2021.

Mr R McGuckin
Mr A Montague
Mr C Renahan
Mrs J Winship

Dividends

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

Audit

For the year ending 31/03/2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006. The company accounts were audited as part of the group accounts of the ultimate controlling party. This audit was carried out by Mazars LLP.

Covid 19

Within the 2020-21 financial year the Covid 19 global pandemic has caused a significant disruption to the business environment within which Stockton Hotels Company Ltd operates. At the date of signing these statements interruption has continued into the 21-22 financial year although the sector has picked up since the relaxation of regulations in May 2021. Throughout the period the Directors have been in regular discussions with the Hotel Operator; Interstate Management to ensure that decisions are made in a timely manner and with the benefit of robust information to inform them. This has focused on both financial and operational metrics. The Directors made the decision that the hotel kept its doors open throughout the pandemic in order to provide support for Key Workers at the time of a National crisis.

The company received a one off payment of £465,000 from its ultimate controlling Company, Stockton On Tees Borough Council and they were successful in pursuing a claim of £222,000 for Business Interruption Insurance.

At the date of signing these accounts the Hospitality sector has seen a significant upturn since the relaxing of the Covid - 19 regulations in May '21 whereby accommodation became available to anyone and not just key workers and essential travellers. This specific hotel is recovering to the point that recent months in mid 2021 are ahead of pre-covid results by a range of metrics. This performance, allied to robust financial controls and regular cash-flow monitoring enable Directors be comfortable that the Company continue to be treated as a going concern.

Directors Overview

The performance headlines for the 2020-21 financial year are as follows:

Turnover:	£2,283,039
Profit:	£208,402
Occupancy:	53.5%
Average Daily Rate:	£48.21

The principal activity of the company in the year under review was that of a hotel operator covering a single hotel.

Performance throughout the year was affected by the unprecedented global Covid 19 pandemic. As such any comparative work with the previous year is largely meaningless.

The focus for the last year was all about being in a position to respond as effectively as possible to the global pandemic. This involved a commitment to remaining open in order to provide accommodation for key workers, including, but not limited to NHS workers and taking the decision not to furlough staff. The rapidly evolving nature around the pandemic allied to the changing legislative position resulted in the Board of Directors having to ensure that the working relationships with the Hotel Management company were built on trust, mutual understanding and robust dialogue. It is felt that these circumstances will undoubtedly have strengthened this relationship, given the shared experiences encountered.

The Directors are pleased that the company has been able to continue to support the local economy throughout the financial year. Continuing to source from local suppliers as well as recruiting from within the region is a key focus of the organisation and something that is very much a long term commitment.

The Hotel continues to score highly by a range of metrics in terms of customer reviews and satisfaction. This strong base position and reputation will undoubtedly be critical in the business succeeding in a post-Covid 19 environment.

The local night time economy within Stockton has a number of key drivers that are expected to evolve over the medium term. These include significant regeneration of the Town Centre and the re-opening of the Globe Theatre. Given the close physical proximity the Directors acknowledge that these present an exciting opportunity for the Hotel to grow over the forthcoming years.

