

Company registration number 10525068 (England and Wales)

STOCKTON HOTELS COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

STOCKTON HOTELS COMPANY LIMITED

COMPANY INFORMATION

Directors	Mr R Kench Ms J Winship Mr C Renehan Ms C Harper	(Appointed 28 February 2022) (Appointed 3 March 2023)
Secretary	Ms Jill Winship	
Company number	10525068	
Registered office	Stockton-on-Tees Council Municipal buildings Church Road Stockton -on-Tees TS18 1LD	
Auditor	Robson Laidler Accountants Limited Fernwood House Fernwood Road Jesmond Newcastle upon Tyne NE2 1TJ	

STOCKTON HOTELS COMPANY LIMITED

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STOCKTON HOTELS COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

Directors overview

The performance headlines for the 2021-22 financial year are as follows:

Turnover	£2,931,528
Profit after tax	£126,451
Occupancy	71.8%
Average daily rate	£76.39

The principal activity of the company is that of a hotel operator covering a single hotel.

Performance was relatively consistent throughout the financial year, when allowing for the seasonal factors that affect the sector. The Directors are keen that opportunities around driving occupancy over winter months continues to be a focus.

With 2020-21 being adversely affected by the Covid 19 pandemic prior year comparison is largely meaningless. However, the hotel broadly performed in-line with, or ahead of the budgeted position when using the key metrics.

The hotel bounced back strongly from the Covid 19 pandemic following the lifting of restrictions in May 2021. The focus in the early part of the year was around building back towards the pre-pandemic occupancy levels and establishing a strong position in the market, with a core focus on capturing the mid-week corporate market and supplementing this with leisure clientele on a weekend. Regular reviews from management demonstrated that this was happening throughout the year and that the hotel was competing favourably with its counterparts. As the year progressed the focus fell more on taking opportunities to capitalise on the robust market position and brand strength by driving the average daily rate, albeit without sacrificing repeat business or having a detrimental impact on the core customer base. It is expected that the leisure market within Stockton will continue to grow further as key local drivers linked to entertainment and the local night time economy are established and generate demand for an offer on weekends. This represents an exciting opportunity on which the Hotel is undoubtedly in a strong position to capitalise on given the number of key local events covering sport, music and culture have already seen the Hotel be fully sold out.

The directors are pleased that the company has been able to continue to support the local economy through a range of channels. A number of key contracts have been established to ensure that products ranging from laundry to alcohol continue to be sourced from local suppliers. Alongside this the majority of staff employed by the Hotel are recruited from within the boundaries of the Tees Valley.

A key building block to enable the business to grow swiftly has been a desire to meet the needs of customers within the market and drive repeat business. With this in mind the Directors feel it is positive that customer review scores on various platforms are high and has subsequently led to a pleasing ranking when compared to competitors. This is highly encouraging and provides a great platform from which the business can undoubtedly grow further.

Looking ahead

Looking ahead the Directors are acutely aware of inflationary pressures materialising, especially within the energy market. At the time of writing, these have been seen in the early part of the 22-23 financial year. Collectively, the Board are reassured that the Government have included an energy cap effective from October 2022 that should help provide some mitigation as well as an element of cost certainty for the period to end of the financial year. Despite the Government support being welcomed, the Board remain committed to working closely with the Hotel operating company in order to secure the most advantageous tariff on a macro level, but also exploring any operational practices that can be implemented without adversely affecting the end user.

STOCKTON HOTELS COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Directors

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

Mr R Kench	(Appointed 28 February 2022)
Ms J Winship	
Mr C Renehan	
Ms C Harper	(Appointed 3 March 2023)
Mr A Montague	(Resigned 31 December 2022)
Mr R McGuckin	(Resigned 31 January 2022)

Statement of directors' responsibilities

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.

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.

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



Mr R Kench
Director

7 July 2023

STOCKTON HOTELS COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF STOCKTON HOTELS COMPANY LIMITED

Opinion

We have audited the financial statements of Stockton Hotels Company Limited (the 'company') for the year ended 31 March 2022 which comprise the statement of income and retained earnings, the balance sheet and notes to the financial statements, including 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 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

The comparative results were not audited.

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.

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 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 contained within the annual report. 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. 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 course of 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 our audit:

- the information given in the directors' report for the financial year 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.

STOCKTON HOTELS COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF STOCKTON HOTELS COMPANY 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 in relation to which 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 directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

The risk of material misstatement due to error or fraud has been assessed in conjunction with how internal controls may mitigate any such risk. These controls are reviewed as part of the audit by performing systems walkthroughs to ensure they are operating effectively. Other substantive testing is also performed on all material balances and therefore any instances of non-compliance should be identified or considered as insignificant.

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

Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to the member 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 member, for our audit work, for this report, or for the opinions we have formed.

STOCKTON HOTELS COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF STOCKTON HOTELS COMPANY LIMITED

Michael T Moran BA FCA
Senior Statutory Auditor
For and on behalf of Robson Laidler Accountants Limited

7 July 2023

Accountants
Statutory Auditor

Fernwood House
Fernwood Road
Jesmond
Newcastle upon Tyne
NE2 1TJ

STOCKTON HOTELS COMPANY LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 MARCH 2022

	2022 £	2021 £
Turnover	2,931,528	2,283,039
Cost of sales	(987,980)	(661,028)
	<hr/>	<hr/>
Gross profit	1,943,548	1,622,011
Administrative expenses	(1,722,840)	(1,370,409)
	<hr/>	<hr/>
Operating profit	220,708	251,602
Interest payable and similar expenses	(38,400)	(43,200)
	<hr/>	<hr/>
Profit before taxation	182,308	208,402
Tax on profit	(55,857)	-
	<hr/>	<hr/>
Profit for the financial year	126,451	208,402
Retained earnings brought forward	(6,013)	(214,415)
	<hr/>	<hr/>
Retained earnings carried forward	120,438	(6,013)
	<hr/> <hr/>	<hr/> <hr/>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

STOCKTON HOTELS COMPANY LIMITED

BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	3		2,037		2,587
Current assets					
Stocks		5,894		7,445	
Debtors	4	356,036		353,971	
Cash at bank and in hand		1,207,826		869,896	
		<u>1,569,756</u>		<u>1,231,312</u>	
Creditors: amounts falling due within one year	5	<u>(971,354)</u>		<u>(679,911)</u>	
Net current assets			598,402		551,401
Total assets less current liabilities			<u>600,439</u>		<u>553,988</u>
Creditors: amounts falling due after more than one year	6		<u>(480,000)</u>		<u>(560,000)</u>
Net assets/(liabilities)			<u><u>120,439</u></u>		<u><u>(6,012)</u></u>
Capital and reserves					
Called up share capital			1		1
Profit and loss reserves			120,438		(6,013)
Total equity			<u><u>120,439</u></u>		<u><u>(6,012)</u></u>

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 July 2023 and are signed on its behalf by:



Mr R Kench
Director

Company Registration No. 10525068

STOCKTON HOTELS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

Stockton Hotels Company Limited is a private company limited by shares incorporated in England and Wales. The registered office is Stockton-on-Tees Council, Municipal buildings, Church Road, Stockton -on-Tees, TS18 1LD.

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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.

1.2 Turnover

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 discounts and sales-based taxes.

1.3 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:

Plant and equipment	20% straight line
Computers	20% straight line

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.

1.4 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.

1.5 Cash and cash equivalents

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.

1.6 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.

STOCKTON HOTELS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.7 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.

1.8 Dividends

No dividends were considered for the year ended 31 March 2022.

1.9 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.

2 Employees

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

	2022 Number	2021 Number
Total	4	4

STOCKTON HOTELS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

3	Tangible fixed assets		Plant and machinery etc
			£
	Cost		
	At 1 April 2021 and 31 March 2022		2,753
			<hr/>
	Depreciation and impairment		
	At 1 April 2021		166
	Depreciation charged in the year		550
			<hr/>
	At 31 March 2022		716
			<hr/>
	Carrying amount		
	At 31 March 2022		2,037
			<hr/>
	At 31 March 2021		2,587
			<hr/>
4	Debtors		
		2022	2021
		£	£
	Amounts falling due within one year:		
	Trade debtors	99,850	38,364
	Other debtors	256,186	315,607
		<hr/>	<hr/>
		356,036	353,971
		<hr/>	<hr/>
5	Creditors: amounts falling due within one year		
		2022	2021
		£	£
	Trade creditors	329,268	429,244
	Taxation and social security	64,589	-
	Other creditors	577,497	250,667
		<hr/>	<hr/>
		971,354	679,911
		<hr/>	<hr/>
6	Creditors: amounts falling due after more than one year		
		2022	2021
		£	£
	Other creditors	480,000	560,000
		<hr/>	<hr/>

STOCKTON HOTELS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

7 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2022	2021
	£	£
	13,860,000	17,306,968
	<u>13,860,000</u>	<u>17,306,968</u>

8 Parent company

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.