Company Registration No. 03027155 (England and Wales)

THE MILL HOTEL LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
29 MARCH 2018

THE MILL HOTEL LIMITED

COMPANY INFORMATION

Directors	Mr P D Shah Mr P Shah Mr J Shah
Company number	03027155
Registered office	DVS House Spring Villa Road Edgware HA8 7EB
Auditor	HW Fisher Acre House 11-15 William Road London NW1 3ER United Kingdom

THE MILL HOTEL LIMITED

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THE MILL HOTEL LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 29 MARCH 2018

The directors present the strategic report for the Period ended 29 March 2018.

Fair review of the business

The company has from the 14 March 2018 ceased to operate as a hotelier, and is now a property rental company. It has carried out a sale and leaseback on its freehold property, and has engaged an operator to run the Hotel.

The hotel had another successful year despite the challenging economic environment. Turnover has remained stable again in the year, totalling £5.8m for the year compared to £5.9m in the prior year. The current year has seen a decrease in profitability with a loss before tax of £221k for the year compared to £822k profit in the prior year, but this is due to a write down of fixed assets at the date of sale amounting to £774k.

The rental property trade brings a loss for the two weeks to 29 March 2018 of £77k, as it has only two weeks rental income but a number of costs from the sale transaction.

The financial position remained strong with net assets of £3.0m (2017 - £3.0m) at 29 March 2018.

Principal risks and uncertanties
During the year until it ceased operating as a hotelier the principal risks and uncertainties were:

a) Risks associated to economic recession such as a downturn in the general operating conditions in the UK
There are a number of risks to the economy at present, each of which could result in a downturn in trade in the hospitality industry. At present there is an element of the unknown given the Brexit decision and we await to see how this will effect the UK tourist trade.

b) Changes to industry and government regulations, including legislation on employees, environmental and health and safety
The industry regulations are a key risk to the business as failure to comply with environmental, health and safety laws and regulations may result in a material adverse effect on the business. Procedures and policies are in place to regularity monitor and test these systems to ensure the staff and the residence are safe while on the premises.

c) Inherent threats to cyber-security
Cyber and data security remain a key risk as it could reduce the effectiveness of of systems or result in a loss of data. This in turn could result in a loss of income or damage the reputation of the Hotel. The Hotel have a series of IT security policies in place to ensure the system is regularity monitored and tested to help prevent the risk of a breach in security.

d) Innovation and brand strength
The brand and image of the Hotel is a key element to its success, therefore any damage to the Hotel name would be a risk and could result in decreasing customer numbers. The Hotel regularity complete market research and monitor hotel residence feedback to ensure the right level of investment is made in the the right areas.

e) Retention and wage inflation
The Hotel is reliant on its staff, so staff retention is key to the business. The Hotel prides itself on staff retention with a low level of employee turnover over the years. This is achieved with a strong emphasis on job satisfaction both through the role and fair pay system.

There after the principal risks are:

a) Physical risk of property being damaged by natural disasters
The Hotel itself is the company's main asset and any damage to the hotel for example by fire or flood, could mean the closure of the hotel and therefore put the rental business at risk. Whilst insurance is in place to mitigate the costs of repair, the prevention of damage is key.

b) Loan facility
The company has in place a loan facility. The company is exposed to interest rate risk and liquidity risks (detailed in full in the Directors report).

Key performance indicators
Since the company has ceased operating as a hotelier the key performance indicator is the management of the company's cash balance.

On behalf of the board

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Mr P D Shah
Director

Date: 06/09/19

DIRECTORS' REPORT

FOR THE PERIOD ENDED 29 MARCH 2018

The directors present their annual report and financial statements for the Period ended 29 March 2018.

Principal activities
The principal activity of the company up until its sale on 14 March 2018 was that of hoteliers. Post sale the company's activities are that of a rental property company.

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

Mr G J Vickers	(Resigned 14 March 2018)
Mrs M T Williams	(Resigned 14 March 2018)
Mrs A M Oldham	(Resigned 14 March 2018)
Mr P D Shah	(Appointed 14 March 2018)
Mr P Shah	(Appointed 14 March 2018)
Mr J Shah	(Appointed 14 March 2018)

Results and dividends
The results for the Period are set out on page 8.

No ordinary dividends were paid. the directors do not recommend payment of a final dividend.

Preference dividends accrued over prior periods amounted to £135,627 and were paid in full during the year.

Financial instruments

Risk management
The Company's principal financial instruments comprise bank overdraft, loans, cash and short term deposits. The main purpose of these financial instruments is to manage the Company's funding and liquidity requirements. The Company has other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The principal financial risks to which the company is exposed are those of interest rate, liquidity and credit. Each of these is managed in accordance with Board-approved policies. These policies are set out below.

Liquidity risk
The Company manages liquidity risk by maintaining access to a number of sources of funding, which are sufficient to meet anticipated funding requirements. Specifically, the Company uses bank facilities and cash resources to manage short-term liquidity and manages long-term liquidity by raising funds through medium term bank loans. The Board reviews the Company's ongoing liquidity risks annually as part of the planning process. The Board considers short-term requirements against available sources of funding taking into account cash flow.

Interest rate risk
Interest rate risk is managed by using a mix of fixed and variable rates held on a Base Rate Cap agreement over ten years. The medium term loans remain in floating rates. The portion of fixed rate debt was approved by the Board and any variation requires Board approval.

Credit risk
The Company is exposed to credit risk on trade and other receivables.

Auditor
In accordance with the company's articles, a resolution proposing that HW Fisher be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

On behalf of the board

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Mr P D Shah

Director

Date: 06/09/19

THE MILL HOTEL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 29 MARCH 2018

The directors are responsible for preparing the Strategic Report and the Directors' 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 judgments 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MILL HOTEL LIMITED

Opinion

We have audited the financial statements of The Mill Hotel Limited (the 'company') for the Period ended 29 March 2018 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows 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 29 March 2018 and of its loss for the Period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 the audit:

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

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 and 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.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 5, 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: http://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 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.

Gary Miller (Senior Statutory Auditor)
For and on behalf of HW Fisher
Chartered Accountants
Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

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06/09/19.

THE MILL HOTEL LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 29 MARCH 2018

	Notes	Continuing operations £	Discontinued operations £	Period ended 29 March 2018 £	Year ended 31 March 2017 £
Turnover	3	31,644	5,778,767	5,810,411	5,896,507
Cost of sales		-	(3,166,585)	(3,166,585)	(3,146,550)
Gross profit		31,644	2,612,182	2,643,826	2,749,957
Administrative expenses		(86,888)	(2,695,665)	(2,782,553)	(1,754,331)
Other operating income		-	6,345	6,345	6,600
Operating (loss)/profit	4	(55,244)	(77,138)	(132,382)	1,002,226
Interest receivable and similar income	7	-	-	-	48
Interest payable and similar expenses	8	(22,075)	(143,656)	(165,731)	(180,185)
(Loss)/profit before taxation		(77,319)	(220,794)	(298,113)	822,089
Tax on (loss)/profit	9	-	6,016	6,016	(149,014)
(Loss)/profit for the financial Period		(77,319)	(214,778)	(292,097)	673,075

Company Registration No. 03027155

THE MILL HOTEL LIMITED

BALANCE SHEET

AS AT 29 MARCH 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	12		-		9,341,440
Investment properties	13		10,200,000		-
			10,200,000		9,341,440
Current assets					
Stocks	14	-		59,062	
Debtors	15	13,815,178		115,998	
Cash at bank and in hand		241,098		52,193	
		14,056,276		227,253	
Creditors: amounts falling due within one year	16	(5,106,646)		(1,915,799)	
Net current assets/(liabilities)			8,949,630		(1,688,546)
Total assets less current liabilities			19,149,630		7,652,894
Creditors: amounts falling due after more than one year	17		(16,196,748)		(4,233,473)
Provisions for liabilities	21		-		(374,442)
Net assets			2,952,882		3,044,979
Capital and reserves					
Called up share capital	25		8,000,002		8,000,002
Revaluation reserve	26		200,000		-
Other reserves			(6,796,064)		(6,796,064)
Profit and loss reserves	27		1,548,944		1,841,041
Total equity			2,952,882		3,044,979

The financial statements were approved by the board of directors and authorised for issue on 06/9/19 and are signed on its behalf by:

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Mr P D Shah
Director

THE MILL HOTEL LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 29 MARCH 2018

	Notes	Share capital	Revaluation reserve	Other reserves	Profit and loss reserves	Total
		£	£	£	£	£
Balance at 1 April 2016		8,000,002	-	(6,796,064)	1,202,966	2,406,904
Period ended 31 March 2017:						
Profit and total comprehensive income for the period		-	-	-	673,075	673,075
Dividends	11	-	-	-	(35,000)	(35,000)
Balance at 31 March 2017		8,000,002	-	(6,796,064)	1,841,041	3,044,979
Period ended 29 March 2018:						
Loss and total comprehensive income for the period		-	-	-	(292,097)	(292,097)
Other movements		-	200,000	-	-	200,000
Balance at 29 March 2018		8,000,002	200,000	(6,796,064)	1,548,944	2,952,882

THE MILL HOTEL LIMITED

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 29 MARCH 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	32		(9,639,817)		821,520
Interest paid			(157,124)		(162,685)
Income taxes paid			(121,330)		(110,362)
Net cash (outflow)/inflow from operating activities			(9,918,271)		548,473
Investing activities					
Purchase of tangible fixed assets		(48,645)		(178,803)	
Proceeds on disposal of tangible fixed assets		8,465,375		-	
Interest received		-		48	
Net cash generated from/(used in) investing activities			8,416,730		(178,755)
Financing activities					
Proceeds of new bank loans		6,630,000		-	
Repayment of bank loans		(4,631,060)		(251,347)	
Payment of finance leases obligations		(28,747)		(6,041)	
Dividends paid		(135,627)		-	
Net cash generated from/(used in) financing activities			1,834,566		(257,388)
Net increase in cash and cash equivalents			333,025		112,330
Cash and cash equivalents at beginning of Period			(91,927)		(204,257)
Cash and cash equivalents at end of Period			241,098		(91,927)
Relating to:					
Cash at bank and in hand			241,098		52,193
Bank overdrafts included in creditors payable within one year			-		(144,120)

1 Accounting policies

Company information
The Mill Hotel Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is DVS House, Spring Villa Road, Edgware, HA8 7EB. The principal place of business is The Mill Hotel, Milton Street, Chester, CH1 3NF.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

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.

Going concern
At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Reporting period
In the previous years The Mill Hotel Limited reported financial statement to 31 March. The company has elected to prepare accounts to the period ending 14 March 2018 as this was the completion date of the sale of the trade and assets of The Mill Hotel Limited, therefore this period is not entirely comparable with the previous 12 month financial year reported to 31 March 2017.

Turnover
Turnover is stated net of value added tax and represents the total amount receivable by the company in respect of its hotel operations. This consists primarily of accommodation sales, food and beverages sales and spa income. Sales from accommodation and related services is recognised when rooms are occupied and as services are rendered. Deposits received in advance are not recognised as sales until the day of the stay or event.

During the year the company operated restaurants, bars, spas and boats at the hotel. Sales of food and beverages at these locations are recognised when the product is sold to the customer. Spa income consists of membership fees and provision of related services and sale of products. Sales from membership fees is recognised in the profit and loss account in the period it relates to. Membership fees received in advance is recognised in creditors in the balance sheet and released to sales in the profit and loss account in the period it relates to. Sales from the provision of related services is recognised on the performance of the service and sale of products is recognised when the product is sold to the customer.

Rental income
Rental income on assets leased under operating leases is recognised on a straight-line basis over the lease term and is presented within other operating income.

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.

1 Accounting policies (Continued)

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 land and property	Land - not depreciated / property - over 50 years, but subject to a residual values
Fixtures, fittings and boat	15% on a reducing balance basis
Motor vehicles	25% on a reducing balance basis
Equipment	20% on a reducing balance basis

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.

The directors consider the anticipated residual value of the freehold property in 50 years assuming that the property continues to be maintained for on-going use as a hotel to be at least equal to the original freehold property cost and hence no depreciation charge arises on the freehold property. An impairment review is carried out annually in respect of the freehold land and property, the result of which indicates that, the recoverable amount is in excess of the carrying value.

Investment properties
Investment property, which is property held to eam rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the revaluation reserve.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

Impairment of fixed assets
At each reporting period end date, the company reviews the carrying amounts of its tangible 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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) 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.

Stocks
Stocks include food, beverages, hair and beauty products and clothing for the swimming pool and gym. The stock is recognised on a first in first out basis. Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stock.

At each reporting date, the Company assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its 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 Accounting policies (Continued)

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

Cash and cash equivalents
Cash and cash equivalents are basic financial instruments 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.

Financial instruments
The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised 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 trade and other 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.

Other financial assets
Other financial assets, including trade investments, 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.

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.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

1 Accounting policies (Continued)

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 trade and other creditors, bank loans, other loans and preference shares that are classified as debt, 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 payments discounted at a market rate of interest.

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

Other financial liabilities
Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments
Equity instruments issued by the company are recorded at the fair value of 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.

Taxation
The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

1 Accounting policies (Continued)

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

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.

Retirement benefits
For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Finance 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.

Sale and finance leaseback
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 fair value at the date of inception. 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 Accounting policies (Continued)

Operating leases
Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

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.

There are no critical judgements that have been applied.

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.

Tangible fixed assets
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. The accounting policy for tangible fixed assets is described in note 1, Tangible fixed assets. The carrying amount of the tangible fixed assets in the balance sheet is disclosed in note 11 of the financial statements.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2018	2017
	£	£
Turnover analysed by class of business		
Accomodation, food & beverage and spa income	5,778,767	5,896,507
Property rental	31,644	-
	5,810,411	5,896,507

3 Turnover and other revenue (Continued)

	2018	2017
	£	£
Other revenue		
Interest income	-	48
Rental income	6,345	6,600

	2018	2017
	£	£
Turnover analysed by geographical market		
United Kingdom	5,810,411	5,896,507

4 Operating (loss)/profit

	2018	2017
Operating (loss)/profit for the period is stated after charging/(crediting):	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	25,000	25,000
Depreciation of owned tangible fixed assets	150,104	171,305
Depreciation of tangible fixed assets held under finance leases	1,080	5,758
Loss on disposal of tangible fixed assets	773,525	-
Cost of stocks recognised as an expense	896,102	905,659
Operating lease charges	34,918	26,299

5 Employees

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

	2018	2017
	Number	Number
Administration	26	24
Bar and kitchen	41	43
Restaurant	16	23
Boat	6	6
Health club and beauty	22	27
Housekeeping and maintenance	34	44
	145	167

5 Employees (Continued)

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	2,203,855	2,067,163
Social security costs	136,826	111,937
Pension costs	11,043	10,699
	2,351,724	2,189,799

6 Directors' remuneration

	2018	2017
	£	£
Remuneration for qualifying services	80,813	(30,350)
Company pension contributions to defined contribution schemes	428	587
	81,241	(29,763)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2017 - 2).

As total directors remuneration was less than £200,000 in the current year, therefore no disclosure is provided for highest paid directors in the current year.

7 Interest receivable and similar income

	2018	2017
	£	£
Interest income		
Other interest income	-	48

8 Interest payable and similar expenses

	2018	2017
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	165,692	161,940
Other interest on financial liabilities	-	17,500
	165,692	179,440
Other finance costs:		
Interest on finance leases and hire purchase contracts	39	745
	165,731	180,185

9 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	368,426	133,872
Adjustments in respect of prior periods	-	(1,708)
Total current tax	368,426	132,164
Deferred tax		
Origination and reversal of timing differences	(374,442)	30,988
Changes in tax rates	-	(20,203)
Adjustment in respect of prior periods	-	6,065
Total deferred tax	(374,442)	16,850
Total tax (credit)/charge	(6,016)	149,014

The total tax (credit)/charge for the Period included in the profit and loss account can be reconciled to the (loss)/profit before tax multiplied by the standard rate of tax as follows:

	2018	2017
	£	£
(Loss)/profit before taxation	(298,113)	822,089
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	(56,641)	164,418
Tax effect of expenses that are not deductible in determining taxable profit	298,384	5,765
Adjustments in respect of prior years	-	(1,708)
Depreciation on assets not qualifying for tax allowances	-	145
Deferred tax adjustments in respect of prior years	-	6,065
Fixed asset differences	(291,811)	-
Adjust closing deferred tax to average rate of 19%	44,052	(25,671)
Taxation (credit)/charge for the period	(6,016)	149,014

10 Discontinued operations

On 14 March 2018 the company entered into a sale agreement to dispose of the hotel trade. The company retained the freehold property which it rents to a third party.

11 Dividends

	2018	2017
	£	£
Final proposed dividend - preference shares	-	35,000

12 Tangible fixed assets

	Freehold land and property	Fixtures, fittings and boat	Motor vehicles	Equipment	Total
	£	£	£	£	£
Cost					
At 1 April 2017	8,465,375	1,333,455	40,949	847,488	10,687,267
Additions	-	41,829	-	6,816	48,645
Disposals	(130,000)	(1,375,284)	(40,949)	(854,304)	(2,400,537)
Transfer to investment property	(8,335,375)	-	-	-	(8,335,375)
At 29 March 2018	-	-	-	-	-
Depreciation and impairment					
At 1 April 2017	-	765,964	23,674	556,190	1,345,828
Depreciation charged in the Period	-	90,482	1,079	59,623	151,184
Eliminated in respect of disposals	-	(856,446)	(24,753)	(615,813)	(1,497,012)
At 29 March 2018	-	-	-	-	-
Carrying amount					
At 29 March 2018	-	-	-	-	-
At 31 March 2017	8,465,375	567,491	17,276	291,298	9,341,440

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	2018	2017
	£	£
Motor vehicles	-	17,276

13 Investment property

	2018
	£
Fair value	
At 1 April 2017	-
Transfers from owner-occupied property	10,000,000
Net gains or losses through fair value adjustments	200,000
At 29 March 2018	10,200,000

Investment property comprises of a property known as The Mill Hotel. The market value of the property has been arrived at on the basis of valuation by a third party during the period. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties, and the directors deemed the value to be appropriate at the year end.

14 Stocks

	2018	2017
	£	£
Stocks	-	59,062

15 Debtors

	2018	2017
Amounts falling due within one year:	£	£
Trade debtors	-	31,760
Corporation tax recoverable	-	10,394
Amounts owed by group undertakings	11,842,850	-
Other debtors	1,525,217	17,324
Prepayments and accrued income	100,000	56,520
	13,468,067	115,998

	2018	2017
Amounts falling due after more than one year:	£	£
Other debtors	347,111	-
Total debtors	13,815,178	115,998

16 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	18	-	405,416
Obligations under finance leases	19	400,000	6,786
Trade creditors		296,037	215,682
Corporation tax		370,574	133,872
Other taxation and social security		1,785,835	153,324
Deferred income	23	1,927,125	-
Dividends payable		-	135,627
Other creditors		280,000	471,190
Accruals and deferred income		47,075	393,902
		5,106,646	1,915,799

17 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	18	6,485,995	4,225,759
Obligations under finance leases	19	9,585,753	7,714
Other creditors		125,000	-
		16,196,748	4,233,473

Amounts included above which fall due after five years are as follows:

	2018 £	2017 £
Payable by instalments	6,921,720	2,845,759

18 Borrowings

	2018 £	2017 £
Bank loans	6,485,995	4,487,055
Bank overdrafts	-	144,120
	6,485,995	4,631,175
Payable within one year	-	405,416
Payable after one year	6,485,995	4,225,759

The long-term loan is secured by a debenture over the property known as The Mill Hotel. The loan is subject to monthly interest repayments only and principal repayment on termination. The loan EIR rate is 7.47% and the interest rate is 5% + Libor.

19 Finance lease obligations

	2018	2017
Future minimum lease payments due under finance leases:	£	£
Less than one year	400,000	8,472
Between one and five years	9,585,753	10,219
	9,985,753	18,691
Less: future finance charges	-	(4,191)
	9,985,753	14,500

Finance lease payments represent rentals payable by the company for the property known at The Mill Hotel. The term is 45 years. Payments are made quarterly and the interest rate is 2.96%.

20 Financial instruments

	2018	2017
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	13,583,951	49,084
Cash at bank and in hand	-	52,193
Carrying amount of financial liabilities		
Measured at amortised cost	17,219,860	5,824,504

21 Provisions for liabilities

		2018	2017
	Notes	£	£
Deferred tax liabilities	22	-	374,442

22 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 2018	Liabilities 2017
Balances:	£	£
ACAs	-	378,163
Other timing differences	-	(3,721)
	-	374,442

22 Deferred taxation (Continued)

	2018
Movements in the Period:	**£**
Liability at 1 April 2017	374,442
Credit to profit or loss	(374,442)
Liability at 29 March 2018	-

23 Deferred income

	2018	2017
	£	**£**
Other deferred income	1,927,125	-

24 Retirement benefit schemes

	2018	2017
Defined contribution schemes	**£**	**£**
Charge to profit or loss in respect of defined contribution schemes	11,043	10,699

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.

25 Share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
7,000,002 Ordinary shares of £1 each	7,000,002	7,000,002
	7,000,002	7,000,002
Preference share capital		
Issued and fully paid		
1,000,000 Preference shares of £1 each	1,000,000	1,000,000
	1,000,000	1,000,000

Below is a brief summary of the rights for the different class of shares in the company:

The rights to dividends
Firstly, a discretionary preferential dividend equivalent to the company's rate of interest with Handelsbanken, if the directors decide in their absolute discretion to pay a preferential dividend. Secondly, the company shall declare dividends on the ordinary shares in accordance with whatever the directors shall determine.

The priority and the amounts receivable on a winding up
In the event of a winding up of the company or other return of capital the assets of the company remaining after payment of its debts and liabilities and of the costs and charges and expenses of such winding up, shall be applied in the following manner and order of priority:

- Firstly, in paying to the holder(s) of the preference shares all unpaid arrears of dividends that have accumulated;
- Secondly, in paying to the holder(s) of the preference shares the amounts paid up or credited as paid up on such shares; and
- The balance to the ordinary shareholders, pro rata to their holdings.

The voting rights
Each ordinary shareholder shall be entitled to receive notice of, and to attend and vote at general meetings of the company. Each ordinary shareholder shall have one vote for every share of which they are the holder.

The preference shares are non-voting and accordingly the preference shareholders shall not have rights to vote in general meetings of the company.

26 Revaluation reserve

The cumulative revaluation gains in respect of investment property.

27 Profit and loss reserves

Profit and loss reserves represent cumulative profit and loss net of distributions to the shareholders.

28 Merger reserve

Merger reserves represent amounts transferred when the previous partnership incorporated into a limited company on 1 April 2008.

29 Operating lease commitments

Lessee

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

	2018	2017
	£	£
Within one year	-	23,995
Between one and five years	-	84,834
In over five years	-	1,061
	-	109,890

Lessor

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2018	2017
	£	£
Within one year	1,050,000	-
Between one and five years	4,200,000	-
In over five years	41,968,336	-
	47,218,336	-

This operating lease arrangement relates to a third party paying for the ability to run their hotel trade in the Chester Mill hotel.

Included within debtors and creditors is a capital commitment owed by The Mill Hotel Limited to the third party lessee of £355,000 payable within two years.

30 Directors' transactions

Preference dividends proposed during the year and that are payable to directors totalled £Nil (2017: £28,000). The total amount of preference dividends outstanding at the prior year end, amounting to £112,000, were paid in full during the year. No amount remains outstanding at 29 March 2018.

Personal guarantees have been given by the directors, and have been withdrawn on the sale of the business on 14 March 2018.

Included within other creditors in creditors falling due with one year was an amount of £440,716 relating to a loan from the director Mr G J Vickers. Interest is charged at 3% per annum and amounted to £Nil (2017: £16,612) during the year. The loan is unsecured. The amount was repaid in full during the year, and no amount remains outstanding at 29 March 2018.

31 Related party transactions

Remuneration of key management personnel
The remuneration of key management personnel, who are also directors, is as follows.

	2018	2017
	£	£
Aggregate compensation	81,241	(38,619)

Other transactions
Included within other creditors in creditors falling due with one year is £Nil (2017: £30,474) from Mr G A Vicker's Estate, a shareholder. Interest is charged at 3% per annum and amounted to £Nil (2017: £888) during the year. The loan is unsecured and was repaid in full during the year.

Preference dividends proposed during the year and that are payable to shareholders excluding director-shareholders totaled £Nil (2017: £7,000). The total amount of preference dividends outstanding was £23,627 and has been repaid in full in the year.

Within the company a number of close family members of the directors are employed. The aggregate gross wages amounted to £Nil (2017: £36,437). The company also made employer's pension contributions of £Nil (2017: £81).

As there was a change of ownership on 14 March 2018, and as all the Directors who were running the business prior to the disposal are no longer connected or available to assist the current Directors are unable to make full disclosure of all related party transactions prior to 14 March 2018.

32 Cash generated from operations

	2018	2017
	£	£
(Loss)/profit for the Period after tax	(292,097)	673,075
Adjustments for:		
Taxation (credited)/charged	(6,016)	149,014
Finance costs	165,731	180,185
Investment income	-	(48)
Loss on disposal of tangible fixed assets	773,525	-
Depreciation and impairment of tangible fixed assets	151,184	177,063
Movements in working capital:		
Decrease in stocks	59,062	4,824
(Increase) in debtors	(13,709,573)	(16,823)
Increase/(decrease) in creditors	1,291,242	(345,770)
Increase in deferred income	1,927,125	-
Cash (absorbed by)/generated from operations	(9,639,817)	821,520

33 Ultimate controlling party

On 14 March 2018, 100% of the share capital of the company was transferred to Chester Mill Limited a company registered in England and Wales, who became the immediate and ultimate parent company. From this date, there was no single ultimate controlling party of the company.

Chester Mill Limited does not prepare group accounts.