Company Registration No. 03027155 (England and Wales)

THE MILL HOTEL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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 & Company Acre House 11-15 William Road London NW1 3ER United Kingdom
Bankers	Svenska Handelsbanken AB 2nd Floor Albion House Albion Street Chester CH1 1RQ Santander UK Plc Bridle Road Bootle Merseyside L30 4GB

THE MILL HOTEL LIMITED

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STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present the strategic report for the year ended 31 March 2017.

Fair review of the business
The directors report another successful year for the company despite the challenging economic environment. Turnover has increased again in the year, totalling £5.9m for the year compared to £5.5m in the prior year. The current year has also seen an increase in profitability with profit before tax reaching £822k for the year compared to £432k in the prior year.

The financial position remained strong with net assets of £3.04m (2016 - £2.4m). £179k has been spent on improvements to facilities during the year and bank borrowings of £835k have been repaid from cashflow.

Principal risks and uncertainties
The principal risks and uncertainties affecting the business are as follows:

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 affect 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 regularly monitor and test these systems to ensure the staff and the residents are safe while on the premises.

c) 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 business at risk. Whilst insurance is in place to mitigate the costs of repair, the prevention of damage is key and the Estates team are tasked with a strict maintenance programme to ensure the Hotel is always at its best and able to, where possible, prevent such damage.

d) Inherent threats to cyber-security
Cyber and data security remain a key risk as it could reduce the effectiveness 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 has a series of IT security policies in place to ensure the system is regularly monitored and tested to help prevent the risk of a breach in security.

e) 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 regularly complete market research and monitor hotel residents' feedback to ensure the right level of investment is made in the right areas.

f) 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.

Key performance indicators
The company's key financial performance indicators are as follows:

- Occupancy rate: 2017 - 84%, 2016 – 84%
- Average room rate per occupied night : 2017 - £75, 2016 - £71

Occupancy rate represents the number of hotel rooms occupied by guests expressed as a percentage of the number of rooms available in the period.

Average room rate per occupied night represents the total room revenue divided by the number of room nights sold.

The occupancy and average room rate per occupied night are in line with the directors expectations.

On behalf of the board

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Mr P D Shah
Director

Date: 30/4/19

THE MILL HOTEL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their annual report and financial statements for the year ended 31 March 2017.

Principal activities
The principal activity of the company continued to be that of hoteliers.

Directors
The directors who held office during the year 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 year are set out on page 8.

Particulars of dividends proposed are detailed in note 10 to the financial statements.

Preference dividends were accrued for the year ending 31 March 2017 amounting to £35,000.

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

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.

Post reporting date events
Post year end the trade and certain assets of the company were acquired by a third party and the shareholding in The Mill Hotel Limited was acquired by Chester Mill Limited.

Future developments
Post year end the trade and certain assets of the company were acquired by a third party. The Mill Hotel Limited retain the property known as The Mill Hotel and from 14 March 2018 became an investment property company. From this date the Directors and key management that served during 2017 were no longer involved in The Mill Hotel.

Auditor
HW Fisher & Company were appointed as auditor to the company after the year end and in accordance with section 487(2) of the Companies Act 2006 are deemed to be reappointed.

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: 30/4/19

THE MILL HOTEL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

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 year ended 31 March 2017 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 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.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Opinion on other matter 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 strategic report and the directors' report for the financial year 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

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

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, 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 & Company
Chartered Accountants
Statutory Auditor
Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

17/5/2019.

THE MILL HOTEL LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2016 £
Turnover	3	5,896,507	5,501,131
Cost of sales		(3,146,550)	(2,911,985)
Gross profit		2,749,957	2,589,146
Administrative expenses		(1,754,331)	(1,949,932)
Other operating income		6,600	2,625
Operating profit	4	1,002,226	641,839
Interest receivable and similar income	7	48	-
Interest payable and similar expenses	8	(180,185)	(209,619)
Profit before taxation		822,089	432,220
Tax on profit	9	(149,014)	(40,432)
Profit for the financial year		673,075	391,788

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

THE MILL HOTEL LIMITED

BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	11		9,341,440		9,339,700
Current assets					
Stocks	12	59,062		63,886	
Debtors	13	115,998		100,626	
Cash at bank and in hand		52,193		51,001	
		227,253		215,513	
Creditors: amounts falling due within one year	14	(1,915,799)		(1,673,481)	
Net current liabilities			(1,688,546)		(1,457,968)
Total assets less current liabilities			7,652,894		7,881,732
Creditors: amounts falling due after more than one year	15		(4,233,473)		(5,117,236)
Provisions for liabilities	19		(374,442)		(357,592)
Net assets			3,044,979		2,406,904
Capital and reserves					
Called up share capital	22		8,000,002		8,000,002
Merger reserve			(6,796,064)		(6,796,064)
Profit and loss reserves	23		1,841,041		1,202,966
Total equity			3,044,979		2,406,904

The financial statements were approved by the board of directors and authorised for issue on 30|4|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 YEAR ENDED 31 MARCH 2017

	Notes	Share capital	Merger reserve	Profit and loss reserves	Total
		£	£	£	£
Balance at 1 April 2015		8,000,002	(6,796,064)	845,805	2,049,743
Year ended 31 March 2016:					
Profit and total comprehensive income for the year		-	-	391,788	391,788
Dividends	10	-	-	(34,627)	(34,627)
Balance at 31 March 2016		8,000,002	(6,796,064)	1,202,966	2,406,904
Year ended 31 March 2017:					
Profit and total comprehensive income for the year		-	-	673,075	673,075
Dividends	10	-	-	(35,000)	(35,000)
Balance at 31 March 2017		8,000,002	(6,796,064)	1,841,041	3,044,979

THE MILL HOTEL LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Cash flows from operating activities					
Cash generated from operations	30		821,520		918,090
Interest paid			(162,685)		(174,252)
Income taxes paid			(110,362)		(31,752)
Net cash inflow from operating activities			548,473		712,086
Investing activities					
Purchase of tangible fixed assets		(178,803)		(959,975)	
Interest received		48		-	
Net cash used in investing activities			(178,755)		(959,975)
Financing activities					
Proceeds of new bank loans		-		700,000	
Repayment of bank loans		(251,347)		(522,042)	
Payment of finance leases obligations		(6,041)		(5,101)	
Net cash (used in)/generated from financing activities			(257,388)		172,857
Net increase/(decrease) in cash and cash equivalents			112,330		(75,032)
Cash and cash equivalents at beginning of year			(204,257)		(129,225)
Cash and cash equivalents at end of year			(91,927)		(204,257)
Relating to:					
Cash at bank and in hand			52,193		51,001
Bank overdrafts included in creditors payable within one year			(144,120)		(255,258)

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.

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.

The company operates 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.

1 Accounting policies (Continued)

Tangible fixed assets

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

Depreciation is recognised so as to write off the cost 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 value
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.

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).

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies (Continued)

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.

Impairment of financial assets

Financial assets 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.

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 and other loans, 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.

Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Equity instruments

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

1 Accounting policies (Continued)

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.

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.

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.

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

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 the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease asset are consumed.

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:

	2017	2016
	£	£
Turnover analysed by class of business		
Accommodation, food & beverage and spa income	5,896,507	5,501,131

	2017	2016
	£	£
Other revenue		
Interest income	48	-
Rental income	6,600	2,625

	2017	2016
	£	£
Turnover analysed by geographical market		
United Kingdom	5,896,507	5,501,131

4 Operating profit

Operating profit for the year is stated after charging/(crediting):	2017 £	2016 £
Fees payable to the company's auditor for the audit of the company's financial statements	25,000	12,500
Depreciation of owned tangible fixed assets	171,305	172,998
Depreciation of tangible fixed assets held under finance leases	5,758	7,678
Cost of stocks recognised as an expense	905,659	827,853
Operating lease charges	26,299	21,462

5 Employees

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

	2017 Number	2016 Number
Administration	24	22
Bar and kitchen	43	41
Restaurant	23	22
Boat	6	5
Health club and beauty	27	31
Housekeeping and maintenance	44	42
	167	163

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	2,067,163	2,162,546
Social security costs	111,937	148,158
Pension costs	10,699	9,384
	2,189,799	2,320,088

6 Directors' remuneration

	2017	2016
	£	£
Remuneration for qualifying services	(30,350)	215,423
Company pension contributions to defined contribution schemes	587	544
	(29,763)	215,967

An accrued director's bonus of £127,300 was reversed in the year as this will not be paid.

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2016 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2017	2016
	£	£
Remuneration for qualifying services	n/a	121,677

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

7 Interest receivable and similar income

	2017	2016
	£	£
Interest income		
Other interest income	48	-

8 Interest payable and similar expenses

	2017	2016
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	161,940	172,566
Other interest on financial liabilities	17,500	35,367
	179,440	207,933
Other finance costs:		
Interest on finance leases and hire purchase contracts	745	1,686
	180,185	209,619

9 Taxation

	2017	2016
	£	£
Current tax		
UK corporation tax on profits for the current period	133,872	113,521
Adjustments in respect of prior periods	(1,708)	(11,944)
Total current tax	132,164	101,577
Deferred tax		
Origination and reversal of timing differences	30,988	(61,145)
Changes in tax rates	(20,203)	-
Adjustment in respect of prior periods	6,065	-
Total deferred tax	16,850	(61,145)
Total tax charge	149,014	40,432

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

	2017	2016
	£	£
Profit before taxation	822,089	432,220
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	164,418	86,444
Tax effect of expenses that are not deductible in determining taxable profit	5,765	1,066
Adjustments in respect of prior years	(1,708)	(11,944)
Depreciation on assets not qualifying for tax allowances	145	-
Deferred tax adjustments in respect of prior years	6,065	-
Adjust closing deferred tax to average rate of 20%	(25,671)	(35,134)
Taxation charge for the year	149,014	40,432

In the Summer Budget 2015, the government announced legislation setting the Corporation Tax main rate at 19% for the years starting on 1 April 2017, 2018 and 2019 and at 18% for the year starting on 1 April 2020. In the 2016 Budget, the government announced a further reduction to the Corporation Tax main rate for the year starting on 1 April 2020, setting the rate at 17%. The reduction in corporation tax rate is expected to reduce the future tax charge for the company.

10 Dividends

	2017	2016
	£	£
Final proposed dividend - preference shares	35,000	34,627

11 Tangible fixed assets

	Freehold land and property	Fixtures, fittings and boat	Motor vehicles	Equipment	Total
	£	£	£	£	£
Cost					
At 1 April 2016	8,465,095	1,195,540	40,949	806,880	10,508,464
Additions	280	137,915	-	40,608	178,803
At 31 March 2017	8,465,375	1,333,455	40,949	847,488	10,687,267
Depreciation and impairment					
At 1 April 2016	-	667,483	17,915	483,366	1,168,764
Depreciation charged in the year	-	98,481	5,758	72,824	177,063
At 31 March 2017	-	765,964	23,673	556,190	1,345,827
Carrying amount					
At 31 March 2017	8,465,375	567,491	17,276	291,298	9,341,440
At 31 March 2016	8,465,095	528,057	23,034	323,514	9,339,700

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

	2017	2016
	£	£
Motor vehicles	17,276	23,034
Depreciation charge for the year in respect of leased assets	5,758	7,678

Included in Freehold land and property is land at a cost of £1,750,000 (2016: £1,750,000).

12 Stocks

	2017	2016
	£	£
Stocks	59,062	63,886

13 Debtors

Amounts falling due within one year:	2017 £	2016 £
Trade debtors	31,760	22,845
Corporation tax recoverable	10,394	-
Other debtors	17,324	31,996
Prepayments and accrued income	56,520	45,785
	115,998	100,626

14 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	16	405,416	473,497
Obligations under finance leases	17	6,786	6,786
Trade creditors		215,682	200,921
Corporation tax		133,872	113,521
Other taxation and social security		153,324	162,193
Dividends payable		135,627	100,627
Other creditors		471,190	7,720
Accruals and deferred income		393,902	608,216
		1,915,799	1,673,481

15 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	16	4,225,759	4,520,163
Obligations under finance leases	17	7,714	13,755
Other borrowings	16	-	583,318
		4,233,473	5,117,236

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

	2017	2016
Payable by instalments	2,845,759	3,120,759

16 Borrowings

	2017	2016
	£	£
Bank loans	4,487,055	4,738,402
Bank overdrafts	144,120	255,258
Other loans	-	583,318
	4,631,175	5,576,978
Payable within one year	405,416	473,497
Payable after one year	4,225,759	5,103,481

The bank loans and overdrafts are secured by a fixed and floating charge over the company and all properties and assets of the company either in the present or in the future. The bank loans are repayable quarterly. Interest is charged at 3% over LIBOR, subject to £2 million of bank loan capped at 5% which ended in March 2016. Bank loans with a balance of £4,120,388 at the year-end is repayable by quarterly instalments based on the prevailing interest rate with the maturity date March 2031. The other bank loan with a balance of £366,667 at the yearend is repayable by quarterly instalments of £6,667 with a final payment of £266,660 on maturity (December 2020). All bank loans and overdrafts have subsequently been repaid in full post year end (14 March 2018).

17 Finance lease obligations

	2017	2016
Future minimum lease payments due under finance leases:	£	£
Less than one year	8,472	8,472
Between one and five years	10,219	17,127
	18,691	25,599
Less: future finance charges	(4,191)	(5,058)
	14,500	20,541

Finance lease payments represent rentals payable by the company for a motor vehicle. The Lease includes a purchase option at the end of the lease period, and no restrictions are placed on the use of the asset. The lease term is 3 years. The lease is on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

18 Financial instruments

	2017	2016
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	49,084	42,996
Cash at bank and in hand	52,193	51,001
Carrying amount of financial liabilities		
Measured at amortised cost	5,824,504	6,458,803

19 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	20	374,442	357,592

20 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. Deferred tax has been calculated at 17% (2016: 18%). The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Balances:	Liabilities 2017 £	Liabilities 2016 £
Accelerated capital allowances	378,163	394,877
Other timing differences	(3,721)	(37,285)
	374,442	357,592

Movements in the year:	2017 £
Liability at 1 April 2016	357,592
Charge to profit or loss	16,850
Liability at 31 March 2017	374,442

Of the deferred tax asset set out above, £18,631 is expected to reverse within 12 months and relates to the reversal of existing timing differences on tangible fixed assets and short term differences relating to disallowable provisions.

21 Retirement benefit schemes

Defined contribution schemes	2017 £	2016 £
Charge to profit or loss in respect of defined contribution schemes	10,699	9,384

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.

22 Share capital

	2017	2016
	£	£
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.

23 Profit and loss reserves

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

24 Merger reserve

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

25 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:

	2017	2016
	£	£
Within one year	23,995	-
Between one and five years	84,834	-
In over five years	1,061	-
	109,890	-

26 Directors' transactions

Preference dividends proposed during the year and that are payable to directors totalled £28,000 (2016: £28,000). The total amount of preference dividends are outstanding at the year end and are included within Dividends payable in Creditors: amounts falling due within one year. The amount outstanding at the year end to the directors was £112,000 (2016: £84,000).

Personal guarantees have been given by the directors over the Svenka Handlesbanken Ab loan for the principal sum of £500,000 including interest and costs.

Included within other creditors in creditors falling due within one year is £440,716 (2016: £Nil) and included within other borrowings in creditors falling due after more than one year is £Nil (2016: £553,732) relating to a loan from the director Mr G J Vickers. Interest is charged at 3% per annum and amounted to £16,612 (2016: £33,693) during the year. The loan is unsecured. At 31 March 2016, the director Mr G J Vickers owed the company £400. This amount was written off to administrative expenses during the year ended 31 March 2017.

Included within creditors falling due within one year is a loan from Mrs M T Williams, a director, of £nil (2016: £10,000). The loan was interest free and unsecured and repaid in full during the year.

At 31 March 2016, the director Mrs A M Oldham owed the company £1,880. This amount was repaid in full during the year and no balance remains outstanding at 31 March 2017.

27 Events after the reporting date

Post year end the trade and certain assets of the company were acquired by a third party. The Mill Hotel Limited retain the property known as The Mill Hotel and from 14 March 2018 became an investment property company.

28 Related party transactions

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

	2017	2016
	£	£
Aggregate compensation	(38,619)	241,520

Other transactions
Included within other creditors in creditors falling due within one year is £30,474 (2016: £Nil) and included within other borrowings in creditors falling due after more than one year is £Nil (2016: £29,586) relating to a loan from Mr G A Vicker's Estate, a shareholder. Interest is charged at 3% per annum and amounted to £888 (2016: £1,675) during the year. The loan is unsecured.

Preference dividends proposed during the year and that are payable to shareholders excluding director-shareholders totalled £7,000 (2016: £6,627). The total amount of preference dividends are outstanding at the year end and are included within Dividends payable in Creditors: amounts falling due within one year. The amount outstanding at the year end to the shareholders excluding director-shareholders was £23,627 (2016: £16,627).

Within the company a number of close family members of the directors are employed. The aggregate gross wages amounted to £36,437 (2016: £32,804). The company also made employer's pension contributions of £81 (2016: £64).

29 Controlling party

The ultimate controlling parties at the balance sheet date were Mr G J Vickers and executors of the Mr G A Vickers Estate who each owned 50% of the share capital.

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

30 Cash generated from operations

	2017	2016
	£	£
Profit for the year after tax	673,075	391,788
Adjustments for:		
Taxation charged	149,014	40,432
Finance costs	180,185	209,619
Investment income	(48)	-
Depreciation and impairment of tangible fixed assets	177,063	180,676
Movements in working capital:		
Decrease in stocks	4,824	4,512
(Increase)/decrease in debtors	(16,823)	27,701
(Decrease)/increase in creditors	(345,770)	63,362
Cash generated from operations	821,520	918,090