

HYDRO HOTEL, EASTBOURNE, PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2019

Company Registration No. 00044514 (England and Wales)

Hydro Hotel
EASTBOURNE



HYDRO HOTEL, EASTBOURNE, PLC

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HYDRO HOTEL, EASTBOURNE, PLC

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2019

Results for year ended 31 October 2019

I am pleased to report on the company's results for the year ended 31 October 2019. Sales for the year totalled £3,733,698, an increase of 2.1% on the £3,658,461 sales for the previous year (2018 3.8% increase). Operating profit for the year was £271,809 (2018 £185,135). After interest receivable and the corporation tax charge, the post-tax profits for the year were £224,516 (2018 £153,260). Taking into account the level of post-tax profits for the year and with the company having strong reserves and assets, the Board decided to increase the dividend to 23p per share (2018 21p per share) absorbing £138,000 (2018 £126,000).

The trading environment for the company continued to be challenging. Careful monitoring of food and drink costs meant that the gross profit percentage remained similar to the previous year but increased staffing costs affected profitability. Repair costs decreased with no significant work required to the fabric of the building in the year.

Capital improvements at the hotel during the year included the replacement of the fire alarm system, refurbishment of 12 bedrooms and Garden Suite bar area, and installation of energy efficient lighting in the kitchen.

Developments since 31 October 2019

New marketing techniques will continue to be developed during the year to encourage direct bookings at the hotel. The Board has been pleased to note that the new online booking system on the company's website, introduced in September 2018, has reduced the proportion of bookings made via Online Travel Agents with consequent commission savings.

Updating of the decor and furniture of the Conservatory has been undertaken and, subject to planning permission, a bar will be installed in the Wedgwood Room. No other major refurbishment of bedrooms or public areas is planned for the current year.

Our Staff

I would like to congratulate our General Manager, Jonathan Owen, on an improved profit for the hotel, despite ongoing challenges for the hotel and tourism industry.

I wish also to record our thanks to our management team and all our staff for their dedication to the hotel. All staff continued to deliver the Hydro's renowned quality of service which our customers value so much.

Graeme C King, MA, CA
Chairman of the Board

28 January 2020

HYDRO HOTEL, EASTBOURNE, PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 OCTOBER 2019

The directors present the Strategic Report for the year ended 31 October 2019.

Strategy

The company has been operating the 82 bedroom Hydro Hotel, Mount Road, Eastbourne, which it owns freehold, since 1895. The company has operated additional premises in the past and the directors continue to review whether to expand the business to operate additional locations, but for the time being have decided to focus on maximising the business at Hydro Hotel.

Hydro Hotel aims to be the pre-eminent 4* traditional hotel in the Eastbourne area, offering a high quality product with excellent service, giving perceived value for money to our customers. The Board continues to invest in our core facilities of bedrooms, public rooms, function rooms, and kitchens, and we have agreed that additional investment in new facilities should be designed to appeal to the next generation of customers with the income to enjoy what the Hydro has to offer, to enable the company to refresh its customer base and position it to be able to achieve higher margins.

Risk factors

Risks regularly reviewed by the directors which could materially affect the company's business are:

Reputational risk - The company must consistently ensure that its offering to customers and the delivery of service meets their requirements, and adjusts to changes in market trends over time.

Staffing risk - The company must recruit, train and retain sufficient high quality staff to enable it to deliver its services to customers.

Hotel facility deterioration - The company must continually invest to refresh its facilities, and if necessary change its offering, to meet the requirements of the market.

Demographics - The company's marketing needs to refresh its customer base as the circumstances of existing regular users change over time.

Fire, Health and Safety, and Environmental Health - The company must ensure that its premises and practices provide a safe environment for guests and staff, and comply with regulations.

Financial Risk - Treasury activities take place under procedures and policies approved and monitored by the Board. They are designed to minimise the financial risks faced by the company, i.e. liquidity risk, credit risk and interest rate risk. The Board considers that the company is not exposed to price risk or foreign exchange risk.

- Liquidity risk - The company manages its liquidity to ensure that sufficient funds are available for ongoing operations and future developments whilst seeking to maximise interest income and minimise interest expense. At 31 October 2019 the company had immediately available cash balances of £1,107,586 and no borrowing (2018 £1,089,507 and nil). Accordingly the liquidity risk is considered to be low.
- Credit risk - The company's principal financial assets are cash balances and trade debtors. Credit risk on cash balances is mitigated as the Board only deposits funds with regulated institutions which have high credit ratings. Trade debtor balances are monitored on an ongoing basis and provision is made for doubtful debts as necessary. As most customers pay by cash, credit or debit card, trade debtors were just 8.4% of net current assets at 31 October 2019 (2018 9.3%) and accordingly the credit risk is considered relatively low.
- Interest rate risk - The company is exposed to interest rate risk on its cash balances. The Board monitors interest rates available for the company's funds taking into account the company's liquidity and credit risk requirements.

General economic situation in the UK - The company is liable to be affected by changes in customer and business sector confidence and spending power, and may need to adjust its operations accordingly.

HYDRO HOTEL, EASTBOURNE, PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

Performance measurement and key performance indicators

In order to measure the success of the company in meeting its objectives and to evaluate the performance of management, the directors review the following key performance indicators at their regular Board meetings:

- Turnover
- Revpar (Revenue Achieved Per Available Room)
- Food and beverage sales and gross profit achieved
- Staff costs and overheads, compared to sales
- Cash balances

The directors also review marketing activities undertaken and planned, future bookings, feedback from customers on service provided, employee changes, capital and refurbishment plans, and budgets and expenditure.

Performance in the year ended 31 October 2019

During the year ended 31 October 2019 the company increased its turnover by 2.1% (2018 3.8%), and improved Revpar by 3.7% (2018 6.7%). In spite of very competitive pricing conditions continuing to affect food and beverage sales, the company achieved an overall increase in gross profit on those lines of 0.8% (2018 3.6%). Staff costs and overheads, as a proportion of sales, reduced by 1.13% (2018 0.30% increase). Cash balances at 31 October 2019 were £1,107,586 (2018 £1,089,507).

The company's operating profit before interest receivable and tax increased to £271,809 from the 2018 operating profit of £185,135.

The company's post tax profit was £224,516 (2018 £153,260), and with the company's strong cash position the Board felt able to declare post year end dividends totalling £138,000 to be payable in 2020, of which £54,000 was paid on 16 January 2020.

The company generated cash from operating activities of £504,842 (2018 £378,888) and invested £341,207 (2018 £173,960) in new fixed assets which included the improvements to the hotel garden suite bar, the refurbishment of 12 bedrooms and the installation of a new fire alarm system.

During the year the company paid ordinary dividends in respect of the year ended 31 October 2018 of £126,000 (2018 £126,000). At the year end the company had a satisfactory net current asset position of £852,027 (2018 £858,532).

This report was approved by the Board of directors on 28 January 2020 and signed by order of the Board by

Mrs S A Gausden, BA, FCA
Secretary

HYDRO HOTEL, EASTBOURNE, PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2019

The directors submit their report and the audited financial statements for the year ended 31 October 2019.

Principal activities

The company carries on the business of hoteliers. It has no subsidiary companies.

Share capital

The company's shares are traded on the NEX Exchange.

Directors

G C King retires by rotation and being eligible, offers himself for re-appointment.

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

C J Bean, LL.B(Hons)
C P Freeman, FCA, CTA(Fellow)
Mrs S A Gausden, BA, FCA
G C King, MA, CA
J D Tuhey, BA(Hons) Dip BM

Results and dividends

An interim dividend at the rate of 9.0p per share has been declared by the directors and paid on 16 January 2020 to shareholders on the register on 20 December 2019 amounting to £54,000 and a second interim dividend at 14.0p per share amounting to £84,000 has been declared by the directors for payment on the 30 April 2020 to shareholders on the register on 17 April 2020. The directors do not propose the payment of a final dividend.

Ordinary dividends were paid amounting to £126,000. The directors do not recommend payment of a final dividend.

Directors' interests

The directors' interests in the shares of the company were as stated below:

	2019	2018
C J Bean, LL.B(Hons)	750	750
C P Freeman, FCA, CTA(Fellow)	7,200	6,600
Mrs S A Gausden, BA, FCA	2,000	2,000
G C King, MA, CA	10,000	10,000
J D Tuhey, BA(Hons) Dip BM	575	275

Directors' insurance

To preclude the possibility of the company incurring expenses which might arise from the need to indemnify a director from claims made against him or her or the cost associated with their defence, the company has effected directors' liability insurance as permitted by the Companies Act 2006.

Future developments

Future projects planned for 2020 include the installation of a bar in the Wedgwood Room and refurbishment of the Conservatory.

The marketing strategies used to promote the Hotel's services will continue to be developed during 2020.

HYDRO HOTEL, EASTBOURNE, PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

The potential withdrawal of the United Kingdom from the European Union

Due to the invocation of Article 50 of the Treaty on European Union by the United Kingdom, it is expected that the country may resign its position within the European Union during 2020. The terms of the future relationship between the UK and the EU are still unknown, and at the date of this report it is impossible to assess in detail the opportunities and threats that such a resignation could present. The directors are managing these risks by closely monitoring developments, and are confident that the company will be able to amend and modify its procedures to remain fully compliant with any new rules and regulations, and to maintain its standing and reputation in the marketplace throughout Europe and worldwide.

Statement of directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Matters covered in the Strategic Report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of financial risk.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the Board of directors on 28 January 2020 and signed by order of the Board by

Mrs S A Gausden, BA, FCA
Secretary

HYDRO HOTEL, EASTBOURNE, PLC

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HYDRO HOTEL, EASTBOURNE, PLC

Opinion

We have audited the financial statements of Hydro Hotel, Eastbourne, Plc (the 'company') for the year ended 31 October 2019 which comprise the Statement of comprehensive income, the Statement of financial position, 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 31 October 2019 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, as applied to SME listed entities 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.

The impact of uncertainties due to the United Kingdom exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 5.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the company and this is particularly the case in relation to Brexit.

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.

HYDRO HOTEL, EASTBOURNE, PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HYDRO HOTEL, EASTBOURNE, PLC

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

The accounting policy in respect of revenue recognition is set out in the accounting policy note on 'Turnover' on page 14. Under this policy, revenue from the supply of conference and event facilities, as well as hotel rooms, is recognised on the date that those facilities are used. Deposits received are therefore not recognised as revenue until the date of the stay or event.

Reflecting management's potential to inappropriately shift the timing and basis of revenue recognition, we have identified revenue recognition in relation to revenue from the supply of conference and event facilities, as well as hotel rooms, as a significant risk that requires special audit consideration.

Our audit procedures included, but were not limited to:

- testing of sales transactions either side of year end to ensure revenue has been recognised at the appropriate point; and
- testing a sample of deposits taken and included within deferred income to ensure they have been correctly deferred.

On the basis of our audit procedures, we have not identified any material misstatements in the value of revenue recognised in the financial statements.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Materiality	- £56,005
How we determined it	- Based on 1.5% of the company's turnover.
Rationale for benchmark applied	- We believe that this materiality basis provides us with the best assessment of the requirements of the users of the financial statements.
Performance materiality	- 80% of overall materiality being £44,804
Reporting threshold	- 3% of overall materiality being £1,680

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

HYDRO HOTEL, EASTBOURNE, PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HYDRO HOTEL, EASTBOURNE, PLC

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates. We considered the risk of acts by the company which were contrary to the applicable laws and regulations including fraud. We designed our audit procedures to respond to those identified risks, including non-compliance with laws and regulations (irregularities) that are material to the financial statements. We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006. We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the company's accounting processes and controls and its environment and considered qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our tests included, but were not limited to, obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by irregularities including fraud or error, review of minutes of directors' meetings in the year and enquiries of management. As a result of our procedures, we did not identify any Key Audit Matters relating to irregularities, including fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are discussed under "Key audit matters" within this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, 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.

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 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.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
 - the company 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.
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HYDRO HOTEL, EASTBOURNE, PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HYDRO HOTEL, EASTBOURNE, PLC

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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit 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.

Mike Bailey (Senior Statutory Auditor)
for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor
6 Sutton Plaza
Sutton Court Road
Sutton
Surrey
SM1 4FS

Date: 28 January 2020

HYDRO HOTEL, EASTBOURNE, PLC

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2019

	Notes	2019 £	2018 £
Turnover	4	3,733,698	3,658,461
Cost of sales		(3,231,920)	(3,244,833)
Gross profit		<u>501,778</u>	<u>413,628</u>
Administrative expenses		(229,969)	(228,493)
Operating profit	5	<u>271,809</u>	<u>185,135</u>
Interest receivable and similar income	9	10,265	8,190
Profit before taxation		<u>282,074</u>	<u>193,325</u>
Taxation	10	(57,558)	(40,065)
Profit for the financial year		<u><u>224,516</u></u>	<u><u>153,260</u></u>
Earnings per share (basic and diluted)	26	37.42p	25.54p
		2019	2018
		£	£
Profit for the financial year		224,516	153,260
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>224,516</u></u>	<u><u>153,260</u></u>

All profit and total comprehensive income for the year is attributable to the owners of the company.

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

The notes on pages 14 to 25 are an integral part of these financial statements.

HYDRO HOTEL, EASTBOURNE, PLC

STATEMENT OF FINANCIAL POSITION

AS AT 31 OCTOBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	12		2,759,650		2,620,992
Current assets					
Stocks	14	37,123		30,438	
Debtors	15	129,098		150,087	
Investments	16	200,000		200,000	
Cash at bank and in hand		1,107,586		1,089,507	
		<u>1,473,807</u>		<u>1,470,032</u>	
Creditors: amounts falling due within one year	17	<u>(621,780)</u>		<u>(611,500)</u>	
Net current assets			852,027		858,532
Total assets less current liabilities			<u>3,611,677</u>		<u>3,479,524</u>
Provisions for liabilities	18		<u>(120,812)</u>		<u>(87,175)</u>
Net assets			<u><u>3,490,865</u></u>		<u><u>3,392,349</u></u>
Capital and reserves					
Called up share capital	21	600,000		600,000	
Revaluation reserve		411,209		415,488	
Profit and loss reserves		2,479,656		2,376,861	
Total equity			<u><u>3,490,865</u></u>		<u><u>3,392,349</u></u>

The financial statements were approved by the board of directors and authorised for issue on 28 January 2020 and are signed on its behalf by:

G C King, MA, CA
Director

C J Bean LL.B(Hons)
Director

Company Registration No. 00044514

The notes on pages 14 to 25 are an integral part of these financial statements.

HYDRO HOTEL, EASTBOURNE, PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2019

		Share capital	Revaluation reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 November 2017		600,000	419,767	2,345,322	3,365,089
Year ended 31 October 2018:					
Profit and total comprehensive income for the year		-	-	153,260	153,260
Dividends	11	-	-	(126,000)	(126,000)
Transfers		-	(4,279)	4,279	-
Balance at 31 October 2018		<u>600,000</u>	<u>415,488</u>	<u>2,376,861</u>	<u>3,392,349</u>
Year ended 31 October 2019:					
Profit and total comprehensive income for the year		-	-	224,516	224,516
Dividends	11	-	-	(126,000)	(126,000)
Transfers		-	(4,279)	4,279	-
Balance at 31 October 2019		<u><u>600,000</u></u>	<u><u>411,209</u></u>	<u><u>2,479,656</u></u>	<u><u>3,490,865</u></u>

The notes on pages 14 to 25 are an integral part of these financial statements.

HYDRO HOTEL, EASTBOURNE, PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	27	504,842		378,888	
Income taxes paid		(37,912)		(16,505)	
		<u>466,930</u>		<u>362,383</u>	
Net cash inflow from operating activities					
Investing activities					
Purchase of tangible fixed assets		(341,207)		(173,960)	
Proceeds on disposal of tangible fixed assets		8,091		-	
Proceeds from other investments and loans		-		568	
Interest received		10,265		8,190	
		<u>(322,851)</u>		<u>(165,202)</u>	
Net cash used in investing activities					
Financing activities					
Dividends paid		(126,000)		(126,000)	
		<u>(126,000)</u>		<u>(126,000)</u>	
Net cash used in financing activities					
Net increase in cash and cash equivalents					
		18,079		71,181	
Cash and cash equivalents at beginning of year		1,089,507		1,018,326	
		<u>1,107,586</u>		<u>1,089,507</u>	
Cash and cash equivalents at end of year					
Relating to:					
Cash at bank and in hand		<u>1,107,586</u>		<u>1,089,507</u>	

The notes on pages 14 to 25 are an integral part of these financial statements.

HYDRO HOTEL, EASTBOURNE, PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

1 Accounting policies

Company information

Hydro Hotel, Eastbourne, plc is a public company limited by shares incorporated in England and Wales. The registered office is Hydro Hotel, Mount Road, Eastbourne, East Sussex, BN20 7HZ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, under the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) regulations 2008 (SI2008/410).

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, modified to include the revaluation of freehold properties. The principal accounting policies adopted are set out below.

1.2 Going concern

The company's business activities, development and performance for the financial year, together with the factors likely to affect its future development, are set out in the Chairman's Statement and Strategic Report on pages 1 to 3. The Strategic Report also details its approach to managing financial risks. The company has considerable financial resources and no borrowings, and annually prepares a cash forecast for the 15 months ahead. Based on an assessment of these factors, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Turnover

Turnover is the value of goods and services sold to customers and guests after deducting discounts and VAT.

The hotel operates restaurant and bar facilities. Sales of goods are recognised when the restaurant or bar sells a product to a customer.

The hotel supplies conference and event facilities as well as hotel rooms to business and private customers. Sales of rooms and conference and event facilities are recognised on the dates those facilities are used. Deposits received in advance are not recognised as turnover until the day of the stay or event.

In the opinion of the directors the operations of the company comprise one class of business, being hoteliers. The company's main operations are all located within one location, Hydro Hotel.

1.4 Tangible fixed assets

The directors adopted FRS 102 for the company's financial statements for the year ended 31 October 2016. The directors took advantage of the transitional arrangements available to use a previous revaluation of freehold properties, plus later additions, as deemed cost, and to continue to depreciate them over their remaining estimated useful lives. The freehold properties were revalued on 31 October 1990 by a firm of Chartered Surveyors on the open market value basis.

Other tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Freehold land	not depreciated
Buildings	100 years
Furniture and equipment	5, 10 or 15 years

HYDRO HOTEL, EASTBOURNE, PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 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).

1.6 Stocks

Stocks are stated at the lower of cost and net realisable value and comprise consumable provisions and stores.

1.7 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand and deposits held at call with banks.

1.8 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 in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include debtors, current asset investments 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 unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

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.

Basic financial liabilities

Basic financial liabilities, including creditors, and bank loans 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. Financial liabilities classified as payable within one year are not amortised.

1.9 Taxation

The tax expense for the year comprises current and deferred tax. Tax currently payable, relating to corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

HYDRO HOTEL, EASTBOURNE, PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

1 Accounting policies

(Continued)

Deferred tax

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. 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 give rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction, or other event, that resulted in the tax expense.

Deferred income tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

1.10 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.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

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.

Critical judgements

There are no judgements made by the directors (apart from those involving estimates) that have a significant effect on amounts recognised in the financial statements.

HYDRO HOTEL, EASTBOURNE, PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

2 Judgements and key sources of estimation uncertainty (Continued)

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:

Depreciation and residual values

The directors have reviewed the asset lives of the freehold property and have concluded that asset lives and residual values are appropriate.

3 Segmental reporting

The company has only one operating segment being the operation of a hotel, and one geographical segment being the United Kingdom. The chief operating decision maker is the Board of Directors. The company's operations meet the aggregation criteria set out in paragraph 22 of IFRS 8 'Operating Segments' and as such the company reports the business as one reportable segment.

None of the company's customers individually contribute over 10% of the total revenues.

All of the company's assets and liabilities are located in one geographical market being the United Kingdom.

4 Turnover and other revenue

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

	2019 £	2018 £
Turnover		
Sales of rooms, conferences and events	1,530,547	1,448,106
Sales from restaurant and bar	2,203,151	2,210,355
	<u>3,733,698</u>	<u>3,658,461</u>

Turnover analysed by geographical market

	2019 £	2018 £
United Kingdom	<u>3,733,698</u>	<u>3,658,461</u>

5 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	201,605	183,937
(Profit)/loss on disposal of tangible fixed assets	(7,147)	3,574
Cost of stocks recognised as an expense	637,195	657,461
	<u>201,605</u>	<u>183,937</u>

HYDRO HOTEL, EASTBOURNE, PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

6 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the company's financial statements	21,353	16,850
For other services		
Services relating to corporate finance services	-	1,196

7 Employees

The average monthly number of persons employed by the company during the year was:

	2019 Number	2018 Number
Management and administrative	13	12
Operational	80	76
	93	88

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	1,483,620	1,400,021
Social security costs	96,597	88,447
Pension costs	29,611	20,261
	1,609,828	1,508,729

8 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	46,099	46,067

9 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on cash at bank and in hand	7,765	5,963
Interest on bank deposits	2,500	2,227
Total income	10,265	8,190

HYDRO HOTEL, EASTBOURNE, PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

10 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	23,921	37,913
Adjustments in respect of prior periods	-	(1)
	<u>23,921</u>	<u>37,912</u>
Total current tax	<u>23,921</u>	<u>37,912</u>
Deferred tax		
Origination and reversal of timing differences	33,637	2,153
	<u>33,637</u>	<u>2,153</u>
Total tax charge	<u>57,558</u>	<u>40,065</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	282,074	193,325
	<u>282,074</u>	<u>193,325</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	53,594	36,732
Tax effect of expenses that are not deductible in determining taxable profit	3,964	3,333
	<u>57,558</u>	<u>40,065</u>
Taxation charge for the year	<u>57,558</u>	<u>40,065</u>

At 31 October 2019, a deferred tax liability of £120,812 (2018 £87,175) has been recognised due to the reversal of timing differences and the additional tax liability expected to arise.

Although the rate of corporation tax has been announced as reducing to 17% as from April 2020, in the run up to the General Election all the major parties announced that this reduced corporation tax rate is unlikely to be enacted and so the rate is likely to remain at least at its current level of 19%. The overall effect of the change in the tax rate from 19% to 17%, if these were applied to the deferred tax balance at 31 October 2019, would be to reduce the net deferred tax liability by approximately £12,700.

During the year beginning 1 November 2019, the net reversal of deferred tax liabilities is expected to reduce the corporation tax charge in the accounts for the year by approximately £25,000. This is due to the effect of capital allowances being claimed earlier than depreciation charged.

HYDRO HOTEL, EASTBOURNE, PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

11 Dividends

	2019 Total £	2018 Total £
Paid during the year:		
First interim dividend 7.0p (2018 7.0p)	42,000	42,000
Second interim dividend 14.0p (2018 14.0p)	84,000	84,000
	<u>126,000</u>	<u>126,000</u>

On 11 December 2019, the following dividends were declared in relation to the year ended 31 October 2019: a first interim dividend of £54,000 (2018 £42,000) which was paid on 16 January 2020 to shareholders on the register on Friday 20 December 2019, and a second interim dividend of £84,000 (2018 £84,000) for payment on 30 April 2020 to shareholders on the register on Friday 17 April 2020.

12 Tangible fixed assets

	Freehold land and buildings £	Furniture and equipment £	Total £
Cost			
At 1 November 2018	2,113,280	2,969,700	5,082,980
Additions	-	341,207	341,207
Disposals	-	(60,942)	(60,942)
At 31 October 2019	<u>2,113,280</u>	<u>3,249,965</u>	<u>5,363,245</u>
Depreciation and impairment			
At 1 November 2018	210,857	2,251,131	2,461,988
Depreciation charged in the year	13,956	187,649	201,605
Eliminated in respect of disposals	-	(59,998)	(59,998)
At 31 October 2019	<u>224,813</u>	<u>2,378,782</u>	<u>2,603,595</u>
Carrying amount			
At 31 October 2019	<u>1,888,467</u>	<u>871,183</u>	<u>2,759,650</u>
At 31 October 2018	<u>1,902,423</u>	<u>718,569</u>	<u>2,620,992</u>

Land and buildings with a carrying amount of £1,888,467 were revalued at 31 October 1990 by a firm of Chartered Surveyors not connected with the company on the basis of market value.

HYDRO HOTEL, EASTBOURNE, PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

12 Tangible fixed assets (Continued)

If revalued assets were stated on an historical cost basis rather than at deemed cost, the total amounts included would have been as follows:

	2019 £	2018 £
Cost	1,191,130	1,191,130
Accumulated depreciation	(139,237)	(129,560)
Carrying value	<u>1,051,893</u>	<u>1,061,570</u>

13 Financial instruments

	2019 £	2018 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>289,400</u>	<u>314,593</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>400,817</u>	<u>371,821</u>

14 Stocks

	2019 £	2018 £
Consumable provisions and stores	<u>37,123</u>	<u>30,438</u>

15 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	71,199	80,043
Other debtors	18,201	34,550
Prepayments and accrued income	39,698	35,494
	<u>129,098</u>	<u>150,087</u>

16 Current asset investments

	2019 £	2018 £
Unlisted investments	<u>200,000</u>	<u>200,000</u>

Unlisted investments consist of short-term deposits in a 6 month business notice account with a managed rate of interest of 1.25%.

HYDRO HOTEL, EASTBOURNE, PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

17 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	174,515	152,949
Corporation tax	23,922	37,913
Other taxation and social security	197,041	201,766
Accruals and deferred income	226,302	218,872
	<u>621,780</u>	<u>611,500</u>

18 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	19	<u>120,812</u>	<u>87,175</u>

19 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 2019 £	Liabilities 2018 £
Balances:		
Accelerated capital allowances	<u>120,812</u>	<u>87,175</u>
Movements in the year:		2019 £
Liability at 1 November 2018		87,175
Charge to profit or loss		33,637
Liability at 31 October 2019		<u>120,812</u>

HYDRO HOTEL, EASTBOURNE, PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

20 Retirement benefit schemes

	2019	2018
	£	£
Charge to profit or loss in respect of defined contribution schemes	29,611	20,261

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.

At the balance sheet date, contributions amounting to £4,132 (2018 £1,670) had not been paid over to the fund and are included within creditors: amounts falling due within one year.

21 Share capital

	2019	2018
	£	£
Ordinary share capital		
Authorised		
600,000 of £1 each	600,000	600,000
Issued and fully paid		
600,000 of £1 each	600,000	600,000

The ordinary shares provide unrestricted rights to vote, participate in income distributions, participate in capital distributions including on winding up, and are irredeemable.

22 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2019	2018
	£	£
Acquisition of tangible fixed assets	13,938	75,101

23 Related party transactions

Remuneration of key management personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. Total remuneration in respect of these individuals is £148,288 (2018 £139,227).

HYDRO HOTEL, EASTBOURNE, PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

23 Related party transactions

(Continued)

Transactions with related parties

Plummer Parsons, of which Mr C P Freeman, director, is a consultant and Mrs S A Gausden, director and company secretary, is Private Client Director, provided accountancy, taxation, secretarial and registration services to the company costing £53,190 in total during the year ended 31 October 2019 (2018: £52,210). The amount outstanding and due to Plummer Parsons at 31 October 2019 was £25,920 (2018: £24,130) and is included in creditors: amounts falling due within one year.

No other director was materially interested, either at the year end or during the year, in any contract of significance in relation to the business of the company.

No guarantees have been given or received.

24 Directors' transactions

Dividends totalling £4,163 (2018 - £3,995) were paid in the year in respect of shares held by the company's directors.

25 Controlling party

The directors consider that there is no ultimate controlling party.

26 Earnings per share

	2019	2018
	£	£
Earnings are based on the profit for the year	224,516	153,260
	<u> </u>	<u> </u>
Earnings per share (basic and diluted)	37.42p	25.54p

Earnings per share have been calculated using 600,000 shares, being the weighted average number of shares for both years. The company has no potential ordinary shares, therefore basic and diluted earnings per share is the same figure.

HYDRO HOTEL, EASTBOURNE, PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

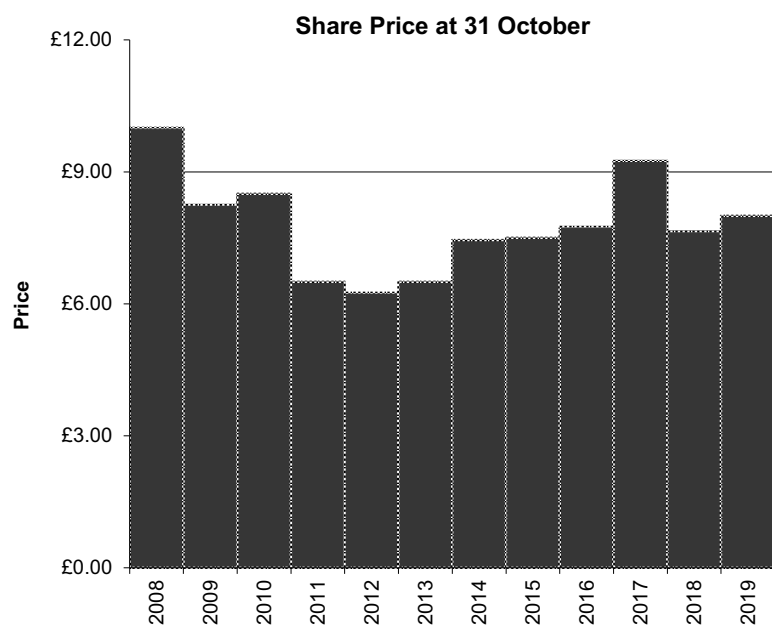
FOR THE YEAR ENDED 31 OCTOBER 2019

27 Cash generated from operations

	2019	2018
	£	£
Profit for the year after tax	224,516	153,260
Adjustments for:		
Taxation charged	57,558	40,065
Interest receivable and similar income	(10,265)	(8,190)
(Gain)/loss on disposal of tangible fixed assets	(7,147)	3,574
Depreciation and impairment of tangible fixed assets	201,605	183,937
Movements in working capital:		
(Increase) in stocks	(6,685)	(2,719)
Decrease/(increase) in debtors	20,989	(37,471)
Increase in creditors	24,271	46,432
Cash generated from operations	<u>504,842</u>	<u>378,888</u>

HYDRO HOTEL, EASTBOURNE, PLC

GENERAL INFORMATION



*Dividends p 27.0 27.0 27.0 18.0 18.0 18.0 18.0 18.0 21.0 21.0 #23.0

* Normal dividends declared for the year, excluding special distributions

Includes the dividends declared in December 2019

Registered Office:	Hydro Hotel Mount Road Eastbourne East Sussex BN20 7HZ	Auditor:	Mazars LLP 6 Sutton Plaza Sutton Court Road Sutton Surrey SM1 4FS
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Company Registration No: 00044514

Company Secretary's Office:	Mrs S A Gausden Plummer Parsons 18 Hyde Gardens Eastbourne East Sussex BN21 4PT	Bankers:	Metro Bank Plc One Southampton Row London WC1B 5HA
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Share Transfer and Registration
Department: Neville Registrars Limited
Neville House
Steelpark Road
Halesowen
West Midlands
B62 8HD

HYDRO HOTEL, EASTBOURNE, PLC

NOTICE IS HEREBY GIVEN that the ONE HUNDRED AND TWENTY FIFTH ANNUAL GENERAL MEETING of the Company will be held at the HYDRO HOTEL, Mount Road EASTBOURNE, on the 23RD DAY OF MARCH 2020, at 11.30 am for the following purposes:

Resolutions

To consider and, if thought fit, to pass the following resolutions.

1. To receive the company's financial statements for the year ended 31 October 2019 and the reports of the directors and auditor thereon.
2. To re-appoint G C King as director.
3. To vote directors' fees for the year ending 31 October 2020.
4. To re-appoint Mazars LLP as auditor to hold office until the conclusion of the next Annual General Meeting and to authorise the directors to fix their remuneration.

Registered Office
Mount Road
Eastbourne
East Sussex
BN20 7HZ

By Order of the Board,

MRS S A GAUSDEN, BA, FCA

28 January 2020

Secretary

NOTES TO THE NOTICE OF THE ANNUAL GENERAL MEETING

- (1) Holders of ordinary shares are entitled to attend, speak, and vote, either in person or by proxy, at General Meetings of the Company. On a vote by a show of hands, every member who is present has one vote and every proxy present who has been duly appointed by a member entitled to vote has one vote, unless the proxy has been appointed by more than one member and has been instructed by more than one member to vote for the resolution and by one or more members to vote against the resolution, in which case the proxy has one vote for and one against. On a poll vote, every member who is present in person or by proxy has one vote for every ordinary share of which he/she is the holder.
- (2) A corporation which is a member of the Company may authorise a person (who need not be a member of the Company) to act as its representative to attend, speak and vote (on a show of hands or a poll) on its behalf. The representative must produce on request a duly certified copy of the board resolution confirming the authorisation, plus an original passport or photo driving licence as proof of identity.
- (3) A member of the Company may appoint one or more proxies to attend, speak and vote instead of the member. A proxy of a member need not also be a member. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share. Before an individual may be admitted to the meeting as proxy, he or she will be required to produce an original passport or photo driving licence as proof of identity.
- (4) The instrument appointing a proxy, and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, must be deposited with the Company's Registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD not less than 48 hours before the time for holding the meeting. A Form of Proxy accompanies this document for use by members.

HYDRO HOTEL, EASTBOURNE, PLC

NOTES TO THE NOTICE OF THE ANNUAL GENERAL MEETING (CONTINUED)

- (5) Completion of the Form of Proxy will not preclude a member from attending and voting in person.
- (6) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 as amended the Company specifies that only those shareholders registered in the Register of Members (the Register) of the Company as at 11.30am on 21 March 2020 (the Specified Time) shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their names at that time. Changes to entries on the Register for certificated or uncertificated shares of the Company after the Specified Time shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting. Should the Annual General Meeting be adjourned, to be so entitled shareholders must have been entered on the Register at the time which is 48 hours before the time fixed for the adjourned Annual General Meeting or, if the Company gives notice of the adjourned Annual General Meeting, at the time specified in the Notice.
- (7) CREST members who wish to appoint a Proxy or Proxies through the CREST electronic Proxy appointment service may do so for the Annual General Meeting and any adjournment thereof by using the procedures described in the CREST manual. CREST personal members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a Proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with CRESTCO's specifications and must contain the information required for such instructions, as described in the CREST manual. All messages relating to the appointment of a Proxy or an instruction to a previously appointed Proxy must be transmitted so as to be received by Neville Registrars Limited (ID: 7RA11) no later than the Specified Time. Normal system timings and limitations will apply in relation to the input of CREST Proxy Instructions. It is therefore the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable their CREST sponsor(s) or voting service provider(s) are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 as amended.
- (8) As at 28 January 2020, being the last practicable date before the date of this Notice, there were 600,000 ordinary shares in issue, each with equal voting rights. The total number of voting rights in the Company as at 28 January 2020, being the last practicable date before the date of this Notice, is 600,000.