

**HYDRO HOTEL, EASTBOURNE, PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2020**

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 2020*

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#### **Results for year ended 31 October 2020**

I report on the company's results for the year ended 31 October 2020.

It has been a difficult trading year for the Company and particularly for the global hospitality industry as a result of the Coronavirus pandemic. Between 23 March 2020 and 4 July 2020 the hotel was closed as required by Government legislation. The hotel reopened on 4 July 2020, trading in accordance with Government guidance and restrictions. It was heartening how strongly trading resumed following the reopening in July, showing the enduring appeal of the Hydro offering.

Sales for the year totalled £2,233,068, a decrease of 40.2% on the £3,733,698 sales for the previous year (2019 2.1% increase). Operating loss for the year was £179,382 (2019 profit of £271,809). After interest receivable, interest payable and the corporation tax credit, the post-tax losses for the year were £139,289 (2019 profit of £224,516).

Capital improvements at the hotel during the start of the year included the updating of the conservatory décor and furniture, and the installation of a new computer server.

To support the business through the Coronavirus pandemic, the Company has been in receipt of Government financial assistance. In view of this assistance, and the continuing uncertainty regarding the economic consequences of the pandemic, the Board of Directors has decided that it would not be appropriate to declare a dividend in respect of the year ended 31 October 2020.

#### **Developments since 31 October 2020**

There has been a further period of closure for the hotel from 5 November to 2 December 2020, with Tier 2 restrictions applied from that date to 25 December 2020, Tier 4 restrictions applied from 26 December 2020, and a further lockdown period announced as from 6 January 2021 with a subsequent closure of the hotel from that date.

Capital projects remain on hold, but repair work to maintain the fabric of the building and room stock continues and new marketing techniques will continue to be developed during the year to encourage direct bookings at the hotel.

#### **Our Staff**

I would like to thank our General Manager, Jonathan Owen, for his prompt and creative responses to the challenges brought by the Coronavirus pandemic and the 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 during these challenging times. All staff continued to deliver a high quality of service to the hotel's customers in very difficult circumstances.

Graeme C King, MA, CA  
Chairman of the Board

15 February 2021

# HYDRO HOTEL, EASTBOURNE, PLC

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 OCTOBER 2020

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The directors present the Strategic Report for the year ended 31 October 2020.

#### **Promoting the success of the company**

##### *Introduction to s172 Statement*

The directors, in line with their duties under s172 of the Companies Act 2006, act individually and collectively in the way that they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members. In doing so they have had regard to the following matters:

- The likely consequences of any decision in the long term
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and the environment
- The desirability of the company maintaining a reputation for high standards of business conduct, and
- The need to act fairly as between members of the company

The directors are ultimately involved in the decision making process but in order to achieve the company's corporate strategy they must pay due regard to the company's stakeholders. These stakeholders include the staff, suppliers, customers, the local community and the shareholders.

Feedback is received from stakeholder groups to ensure that their views are taken into account in the decision making process. This includes direct engagement with Board members, the use of reports and updates from management and coverage in Board papers of relevant stakeholder interests with regard to proposed courses of action. Customer feedback and complaints, as well as staff reports and suggestions are also taken into account.

##### *Coronavirus pandemic*

The company's long term strategy and performance this year has been severely affected by the Coronavirus pandemic. Paramount in the decision making process has been the need to keep staff, suppliers and customers safe and protocols were developed, approved and implemented, to minimise the risks of infection for all stakeholders.

We have considered the wellbeing of our staff during the pandemic and have provided open channels of communication via key management and staff suggestions, with regular meetings and social media content to inform staff of the protocols in place and the nature of the Government's Furlough Scheme, utilised to retain as many staff members as possible.

Restricted opening times during the year have reduced the need for some supplies. However, we have tried to source food and drink stock, and services, from local suppliers to ensure that the greatest benefit to the local community is achieved and to lessen the impact on the environment.

The hotel is fortunate to have a loyal local clientele who use the restaurant and hotel facilities. This relationship has been fostered through the local press and information on social media channels. During the lockdown the hotel provided a take away meal service which was appreciated by the local community.

In addition the hotel was offered to the local Council for the housing of NHS and key staff during its closure, although this was not required.

We feel that the hotel has a social responsibility to help maintain Eastbourne as a desirable place to live and work and this will encourage the public to visit and return to the town for their short stays and holidays.

We are mindful of the company's shareholders and their long term investment in the hotel. To secure the hotel's future during the period of closure, the directors took the decision to cancel the second interim dividend declared for 2019. The company also took a Coronavirus Business Interruption Loan of £240,000, which is guaranteed by the government. With this financial assistance in place it was felt inappropriate to declare a dividend for 2020.

# HYDRO HOTEL, EASTBOURNE, PLC

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2020

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Overall it has been a difficult year, balancing the needs and expectations of investors whilst protecting the skill base and staff so that the hotel can continue delivering its high class service. However, decisions were made taking into account the interests of all stakeholders and to ensure that the hotel can continue to trade for the foreseeable future.

#### 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.

Coronavirus pandemic - The company must react and adapt to changes in regulation and guidance implemented by the Government to deal with the pandemic and must ensure compliance with all measures introduced to protect staff and guests. There is a risk that further lockdown periods will prevent trading at budgeted levels.

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 2020 the company had immediately available cash balances of £1,025,141 including a Coronavirus Business Interruption Loan of £240,000 (2019 £1,107,586 and no borrowing). 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 6.1% of net current assets at 31 October 2020 (2019 8.4%) and accordingly the credit risk is considered relatively low.

# HYDRO HOTEL, EASTBOURNE, PLC

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2020

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#### Risk factors (continued)

- 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.

#### 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 2020

The Coronavirus pandemic has had a significant effect on the trading of the company. Between 23 March 2020 and 4 July 2020 the hotel was closed as required by Government legislation. The hotel reopened on 4 July 2020, trading in accordance with Government guidance and restrictions. However, since the year end, there has been a further period of closure for the hotel from 5 November to 2 December 2020, with Tier 2 restrictions applied from that date to 25 December 2020, Tier 4 restrictions applied from 26 December 2020, and a further lockdown period announced from 6 January 2021, with a subsequent closure of the hotel from that date. The table below shows the effect on the company's revenue as a result of the Coronavirus pandemic:

Period	Revenue 19/20	Revenue 18/19	Difference	Difference %
Pre Coronavirus (Nov-March)	1,167,065	1,266,547	(99,482)	(7.85)
Lockdown (April-June)	37,309	1,011,615	(974,306)	(96.31)
Post Lockdown (July-October)	1,028,694	1,455,536	(426,842)	(29.33)

# HYDRO HOTEL, EASTBOURNE, PLC

## STRATEGIC REPORT (CONTINUED)

### *FOR THE YEAR ENDED 31 OCTOBER 2020*

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#### **Performance in the year ended 31 October 2020 (continued)**

Consequently, during the year ended 31 October 2020 the company's turnover decreased by 40.2% (2019 increased by 2.1%), and Revpar decreased by 41.6% (2019 improved by 3.7%). The company suffered an overall decrease in gross profit on food and beverage sales of 38.3% (2019: increase of 0.8%). Staff costs and overheads, as a proportion of sales, increased by 31.9% (2019 1.13% decrease). Cash balances at 31 October 2020 were £1,025,141 (2019 £1,107,586).

The company's operating loss before interest receivable, interest payable and tax was £179,382 compared to the 2019 operating profit of £271,809.

The company's post tax loss was £139,289 (2019 profit of £224,516). The Board decided not to declare post year end dividends.

The company utilised cash from operating activities of £159,871 (2019 generated cash of £504,842) and invested £95,593 (2019 £341,207) in new fixed assets which included updating the conservatory decor and furniture and the installation of a new computer server.

During the year the company paid ordinary dividends in respect of the year ended 31 October 2019 of £54,000 but cancelled the declared second interim dividend following the outbreak of the Coronavirus pandemic (2018 £126,000). At the year end the company had a satisfactory net current asset position of £993,357 (2019 £852,027).

This report was approved by the Board of directors on 15 February 2021 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 2020

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The directors submit their report and the audited financial statements for the year ended 31 October 2020.

#### 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 Aquis Stock Exchange.

#### Directors

C P Freeman 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  
Mrs S A Gausden, BA, FCA  
G C King, MA, CA  
J D Tuhey, BA(Hons) Dip BM

#### Results and dividends

To support the business through the Coronavirus pandemic, the Company has been in receipt of Government financial assistance. In view of this assistance, and the continuing uncertainty regarding the economic consequences of the pandemic, the Board of Directors has decided that it would not be appropriate to declare a dividend in respect of the year ended 31 October 2020.

Ordinary dividends in respect of the year ended 31 October 2019 were paid amounting to £54,000.

#### Directors' interests

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

	2020	2019
C J Bean, LL.B(Hons)	750	750
C P Freeman, FCA	7,200	7,200
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	575

#### 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.

#### Energy and carbon reporting

The hotel's energy consumption in the year was 1,658,708 kilowatts per annum, comprising 1,289,462 kilowatts per annum of gas and 369,246 kilowatts per annum of electricity, based upon suppliers' invoices. This is equivalent to 391 tonnes of CO2 equivalent of greenhouse gases emitted into the atmosphere, which is equivalent to 22 kg per guest for the year. Owing to the Coronavirus pandemic no measures were taken in the year to improve energy efficiency. However, in the prior year light fittings were replaced from incandescent to more energy efficient LED lighting and when repairs are required the energy efficiency of the replacement is always considered.

#### Future developments

The marketing strategies used to promote the Hotel's services will continue to be developed during 2021.

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# HYDRO HOTEL, EASTBOURNE, PLC

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 OCTOBER 2020**

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### **The withdrawal of the United Kingdom from the European Union**

Following the invocation of Article 50 of the Treaty on European Union by the United Kingdom, the country left the European Union on 1 January 2021. Whilst the terms of the future relationship between the UK and the EU have now been agreed, at the date of this report it is not possible to assess in detail the opportunities and threats that the withdrawal presents. 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 15 February 2021 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

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#### Opinion

We have audited the financial statements of Hydro Hotel, Eastbourne, Plc (the 'company') for the year ended 31 October 2020 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 2020 and of its loss 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.

#### 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.

#### 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 17. 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.

# HYDRO HOTEL, EASTBOURNE, PLC

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF HYDRO HOTEL, EASTBOURNE, PLC

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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 of a sample of revenue recognised in respect of events and ensuring that they relate to events held during the year; 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	- £33,496
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 £26,797
Reporting threshold	- 3% of overall materiality being £1,005

#### **An overview of the scope of our audit, including extent to which the audit was considered capable of detecting irregularities, including fraud.**

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

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, its environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements.

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# HYDRO HOTEL, EASTBOURNE, PLC

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF HYDRO HOTEL, EASTBOURNE, PLC

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In identifying and assessing risks of material misstatement in respect to irregularities including non-compliance with laws and regulations, our procedures included but were not limited to:

- at planning stage, we gained an understanding of the legal and regulatory framework applicable to the company, the industry in which it operates and considered the risk of acts by the company which were contrary to the applicable laws and regulations;
- we discussed with the directors the policies and procedures in place regarding compliance with laws and regulations;
- We discussed amongst the engagement team the identified laws and regulations, and remained alert to any indications of non-compliance; and
- during the audit, we focused on areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussions with the directors (as required by auditing standards), from inspection of the company's regulatory and legal correspondence and review of minutes of directors' meetings in the year. We also considered those other laws and regulations that have a direct impact on the preparation of financial statements, such as the Companies Act 2006 and UK tax legislation.

Our procedures in relation to fraud included but were not limited to:

- inquiries of management whether they have knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risk related to fraud;
- discussion amongst the engagement team regarding risk of fraud such as opportunities for fraudulent manipulation of financial statements, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions; and
- addressing the risk of fraud through management override of controls by performing journal entry testing.

The primary responsibility for the prevention and detection of irregularities including fraud rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

As a result of our procedures, we did not identify any "Key audit matters" relating to irregularities. The risks of material misstatement that had the greatest effect on our audit, including fraud, 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.

# HYDRO HOTEL, EASTBOURNE, PLC

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF HYDRO HOTEL, EASTBOURNE, PLC

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#### **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.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 7, 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Other matters which we are required to address**

Following the recommendation of the Board of Directors, we were appointed by the Shareholders on 23 March 2020 to audit the financial statements for the year ending 31 October 2020. The period of total uninterrupted engagement is 11 years, covering the years ending 31 October 2010 to 31 October 2020.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

# HYDRO HOTEL, EASTBOURNE, PLC

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF HYDRO HOTEL, EASTBOURNE, PLC

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#### **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: 16 February 2021

# HYDRO HOTEL, EASTBOURNE, PLC

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2020

	Notes	2020 £	2019 £
<b>Turnover</b>	<b>4</b>	2,233,068	3,733,698
Cost of sales		(2,537,521)	(3,231,920)
<b>Gross (loss)/profit</b>		(304,453)	501,778
Administrative expenses		(238,548)	(229,969)
Other operating income	<b>5</b>	363,619	-
<b>Operating (loss)/profit</b>	<b>6</b>	(179,382)	271,809
Interest receivable and similar income	<b>10</b>	7,370	10,265
Interest payable and similar expenses	<b>11</b>	(2,354)	-
<b>(Loss)/profit before taxation</b>		(174,366)	282,074
Taxation	<b>12</b>	35,077	(57,558)
<b>(Loss)/profit for the financial year</b>		(139,289)	224,516
<b>Earnings per share (basic and diluted)</b>	<b>30</b>	(23.21)p	37.42p
		<b>2020 £</b>	<b>2019 £</b>
(Loss)/profit for the financial year		(139,289)	224,516
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		(139,289)	224,516

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 17 to 29 are an integral part of these financial statements.



# HYDRO HOTEL, EASTBOURNE, PLC

## STATEMENT OF FINANCIAL POSITION

AS AT 31 OCTOBER 2020

	Notes	2020		2019	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	14		2,653,876		2,759,650
<b>Current assets</b>					
Stocks	16	27,899		37,123	
Debtors	17	128,926		129,098	
Investments	18	200,000		200,000	
Cash at bank and in hand		1,025,141		1,107,586	
		<u>1,381,966</u>		<u>1,473,807</u>	
<b>Creditors: amounts falling due within one year</b>	19	<u>(388,609)</u>		<u>(621,780)</u>	
<b>Net current assets</b>			<u>993,357</u>		<u>852,027</u>
<b>Total assets less current liabilities</b>			<u>3,647,233</u>		<u>3,611,677</u>
<b>Creditors: amounts falling due after more than one year</b>	20		(240,000)		-
<b>Provisions for liabilities</b>	22		<u>(109,657)</u>		<u>(120,812)</u>
<b>Net assets</b>			<u>3,297,576</u>		<u>3,490,865</u>
<b>Capital and reserves</b>					
Called up share capital	25	600,000		600,000	
Revaluation reserve		406,930		411,209	
Profit and loss reserves		<u>2,290,646</u>		<u>2,479,656</u>	
<b>Total equity</b>			<u>3,297,576</u>		<u>3,490,865</u>

The financial statements were approved by the board of directors and authorised for issue on 15 February 2021 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 17 to 29 are an integral part of these financial statements.

# HYDRO HOTEL, EASTBOURNE, PLC

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2020

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	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 November 2018</b>		600,000	415,488	2,376,861	3,392,349
<b>Year ended 31 October 2019:</b>					
Profit and total comprehensive income for the year		-	-	224,516	224,516
Dividends	13	-	-	(126,000)	(126,000)
Transfers		-	(4,279)	4,279	-
<b>Balance at 31 October 2019</b>		600,000	411,209	2,479,656	3,490,865
<b>Year ended 31 October 2020:</b>					
Loss and total comprehensive income for the year		-	-	(139,289)	(139,289)
Dividends	13	-	-	(54,000)	(54,000)
Transfers		-	(4,279)	4,279	-
<b>Balance at 31 October 2020</b>		600,000	406,930	2,290,646	3,297,576

The notes on pages 17 to 29 are an integral part of these financial statements.

# HYDRO HOTEL, EASTBOURNE, PLC

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2020

	Notes	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	32		(159,871)		504,842
Interest paid			(2,354)		-
Income taxes paid			(18,844)		(37,912)
			<u>          </u>		<u>          </u>
<b>Net cash (outflow)/inflow from operating activities</b>			(181,069)		466,930
<b>Investing activities</b>					
Purchase of tangible fixed assets		(95,593)		(341,207)	
Proceeds on disposal of tangible fixed assets		847		8,091	
Interest received		7,370		10,265	
		<u>          </u>		<u>          </u>	
<b>Net cash used in investing activities</b>			(87,376)		(322,851)
<b>Financing activities</b>					
Proceeds of new bank loans		240,000		-	
Dividends paid		(54,000)		(126,000)	
		<u>          </u>		<u>          </u>	
<b>Net cash generated from/(used in) financing activities</b>			186,000		(126,000)
			<u>          </u>		<u>          </u>
<b>Net (decrease)/increase in cash and cash equivalents</b>			(82,445)		18,079
Cash and cash equivalents at beginning of year			1,107,586		1,089,507
			<u>          </u>		<u>          </u>
<b>Cash and cash equivalents at end of year</b>			1,025,141		1,107,586
			<u>          </u>		<u>          </u>
<b>Relating to:</b>					
Cash at bank and in hand			1,025,141		1,107,586
			<u>          </u>		<u>          </u>

The notes on pages 17 to 29 are an integral part of these financial statements.

# HYDRO HOTEL, EASTBOURNE, PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

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### 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

At the date of this report, there exists considerable uncertainty regarding the potential impact of the Coronavirus and the economic consequences, both within the U.K. and overseas, which may result from government policies to contain the spread. The duration and geographical extent of any possible lockdown or future government policies are unknown, and so it is not possible to predict what the economic consequences may be and the impact on the company's future ability to continue trading.

The company's business activities, development and performance for the financial year, together with the above factors likely to affect its future development, are set out in the Chairman's Statement and Strategic Report on pages 1 to 5. The Strategic Report also details its approach to managing financial risks. The company has substantial cash balances and financial resources, with the only borrowings being a Coronavirus Business Interruption Loan of £240,000, and it annually prepares a cash forecast for the 15 months ahead. In preparing the cash forecast, the directors have used the following key assumptions:

- Income and expenses will be similar to the prior year, adjusted for the anticipated effects of Government financial support and operating restrictions arising from the pandemic
- No capital expenditure is budgeted for the period to 28 February 2022
- The Coronavirus Business Interruption Loan of £240,000 will be repaid in August 2021.

Based on the above, 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.

# HYDRO HOTEL, EASTBOURNE, PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2020

---

#### 1 Accounting policies

(Continued)

##### 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

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.

# HYDRO HOTEL, EASTBOURNE, PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

---

### 1 Accounting policies

(Continued)

#### ***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.

#### ***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.

# HYDRO HOTEL, EASTBOURNE, PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2020

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#### 1 Accounting policies

(Continued)

##### 1.12 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

During the year the company received Government grants and assistance during the Coronavirus pandemic in the form of the payment of staff costs under the Coronavirus Job Retention Scheme. It also received financial assistance via the Coronavirus Business Interruption Loan Scheme by which the Government agrees to pay the interest for the first year and any set up costs incurred by the lender on loans taken out under the scheme.

#### 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.

##### **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.

# HYDRO HOTEL, EASTBOURNE, PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

### 4 Turnover and other revenue

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

	2020	2019
	£	£
<b>Turnover</b>		
Sales of rooms, conferences and events	893,878	1,530,547
Sales from restaurant and bar	1,339,190	2,203,151
	<u>2,233,068</u>	<u>3,733,698</u>

### Turnover analysed by geographical market

	2020	2019
	£	£
United Kingdom	<u>2,233,068</u>	<u>3,733,698</u>

### 5 Other operating income

	2020	2019
	£	£
<b>Income</b>		
Other operating income - Government grants	<u>363,619</u>	<u>-</u>

During the year the company received Government grants and assistance during the Coronavirus pandemic in the form of the payment of staff costs under the Coronavirus Job Retention Scheme. It also received financial assistance via the Coronavirus Business Interruption Loan Scheme by which the Government agrees to pay the interest for the first year and any set up costs incurred by the lender on loans taken out under the scheme.

The other operating income in these accounts reflects the income claimed under the Coronavirus Job Retention Scheme and the financial assistance with the interest that would have otherwise been incurred on the business loan taken out by the company under the Coronavirus Business Interruption Loan Scheme (see note 20). Outstanding claims for the accounting period, in relation to the Coronavirus Job Retention Scheme, have been accrued in these accounts as the payment of the balance of the staff costs by the company means the performance conditions of the grants have been met.

### 6 Operating (loss)/profit

	2020	2019
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	200,723	201,605
Profit on disposal of tangible fixed assets	(203)	(7,147)
Cost of stocks recognised as an expense	<u>373,426</u>	<u>637,195</u>



# HYDRO HOTEL, EASTBOURNE, PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

### 7 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the company's financial statements	21,500	21,353

### 8 Employees

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

	2020	2019
	Number	Number
Management and administrative	10	13
Operational	74	80
	84	93

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	1,343,554	1,483,620
Social security costs	91,118	96,597
Pension costs	33,578	29,611
	1,468,250	1,609,828
Redundancy payments made or committed	8,788	-

Redundancy payments totalling £8,788 were made to two employees during the year, based upon the statutory redundancy pay provisions. This amount is included in creditors at the year end.

### 9 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	45,366	46,099

The amount of employer's pension contributions paid by the company on behalf of the directors during the year was £Nil (2019: £Nil)

The number of directors accruing benefits under the company's defined contribution pension scheme was none (2019: None).

# HYDRO HOTEL, EASTBOURNE, PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

### 10 Interest receivable and similar income

	2020 £	2019 £
<b>Interest income</b>		
Interest on cash at bank and in hand	5,366	7,765
Interest on bank deposits	2,004	2,500
	<u>7,370</u>	<u>10,265</u>

### 11 Interest payable and similar expenses

	2020 £	2019 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	2,354	-
	<u>2,354</u>	<u>-</u>

### 12 Taxation

	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	(18,844)	23,921
	<u>(18,844)</u>	<u>23,921</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(11,155)	33,637
Adjustment in respect of prior periods	(5,078)	-
	<u>(16,233)</u>	<u>33,637</u>
Total deferred tax	<u>(16,233)</u>	<u>33,637</u>
Total tax (credit)/charge	<u>(35,077)</u>	<u>57,558</u>

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

	2020 £	2019 £
(Loss)/profit before taxation	<u>(174,366)</u>	<u>282,074</u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(33,130)	53,594
Tax effect of expenses that are not deductible in determining taxable profit	(1,986)	3,964
Tax effect of income not taxable in determining taxable profit	39	-
	<u>(35,077)</u>	<u>57,558</u>
Taxation (credit)/charge for the year	<u>(35,077)</u>	<u>57,558</u>

# HYDRO HOTEL, EASTBOURNE, PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2020

#### 12 Taxation

(Continued)

The corporation tax rate for the year ended 31 October 2020 was 19%. The Corporation Tax rate of 19% was enacted with effect from 1 April 2017 and the Finance Act 2016 legislated the UK Corporation Tax rate to decrease to 17% from 1 April 2020. However, on the 17th March 2020, using the Provisional Collection of Taxes Act 1968, the UK Government cancelled the proposed drop in Corporation Tax rate to 17%.

At 31 October 2020, a deferred tax liability of £109,657 (2019 £120,812) has been recognised due to the reversal of timing differences and the additional tax liability expected to arise.

During the year beginning 1 November 2020, the net reversal of deferred tax liabilities is expected to reduce the corporation tax charge in the accounts for the year by approximately £26,559. This is due to the effect of capital allowances being claimed earlier than depreciation charged.

#### 13 Dividends

	2020 Total £	2019 Total £
Paid during the year:		
First interim dividend 9.0p (2019 7.0p)	54,000	42,000
Second interim dividend 0p (2019 14.0p)	-	84,000
	<u>54,000</u>	<u>126,000</u>

#### 14 Tangible fixed assets

	Freehold land and buildings £	Furniture and equipment £	Total £
<b>Cost</b>			
At 1 November 2019	2,113,280	3,249,965	5,363,245
Additions	-	95,593	95,593
Disposals	-	(44,749)	(44,749)
At 31 October 2020	<u>2,113,280</u>	<u>3,300,809</u>	<u>5,414,089</u>
<b>Depreciation and impairment</b>			
At 1 November 2019	224,813	2,378,782	2,603,595
Depreciation charged in the year	13,956	186,767	200,723
Eliminated in respect of disposals	-	(44,105)	(44,105)
At 31 October 2020	<u>238,769</u>	<u>2,521,444</u>	<u>2,760,213</u>
<b>Carrying amount</b>			
At 31 October 2020	<u>1,874,511</u>	<u>779,365</u>	<u>2,653,876</u>
At 31 October 2019	<u>1,888,467</u>	<u>871,183</u>	<u>2,759,650</u>

# HYDRO HOTEL, EASTBOURNE, PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2020

#### 14 Tangible fixed assets

(Continued)

Land and buildings with a carrying amount of £1,874,511 were revalued at 31 October 1990 by a firm of Chartered Surveyors not connected with the company on the basis of market value.

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

	2020 £	2019 £
Cost	1,191,130	1,191,130
Accumulated depreciation	(148,915)	(139,237)
Carrying value	<u>1,042,215</u>	<u>1,051,893</u>

#### 15 Financial instruments

	2020 £	2019 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	<u>275,634</u>	<u>289,400</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	<u>538,165</u>	<u>400,817</u>

#### 16 Stocks

	2020 £	2019 £
Consumable provisions and stores	<u>27,899</u>	<u>37,123</u>

#### 17 Debtors

	2020 £	2019 £
<b>Amounts falling due within one year:</b>		
Trade debtors	44,166	71,199
Corporation tax recoverable	18,844	-
Other debtors	2,285	18,201
Prepayments and accrued income	63,631	39,698
	<u>128,926</u>	<u>129,098</u>

# HYDRO HOTEL, EASTBOURNE, PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2020

#### 18 Current asset investments

	2020 £	2019 £
Unlisted investments	200,000	200,000

Unlisted investments consist of short-term deposits in a 95 day business notice account with a managed rate of interest of 0.75%.

#### 19 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	116,282	174,515
Corporation tax	-	23,922
Other taxation and social security	90,444	197,041
Accruals and deferred income	181,883	226,302
	<u>388,609</u>	<u>621,780</u>

#### 20 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	21	240,000	-

#### 21 Loans and overdrafts

	2020 £	2019 £
Bank loans	240,000	-
Payable after one year	240,000	-

The company took out a Coronavirus Business Interruption Loan of £240,000 on 17 August 2020 with Metro Bank plc. This loan is guaranteed by the Department of Business, Energy and Industrial Strategy. The loan is repayable over 6 years by 60 monthly instalments of the capital and interest starting September 2021. No interest or capital are payable by the company in the first 12 months from taking out the loan, as the Government pays the lender the first year's interest under the terms of the scheme. To reflect this assistance from the Government, the interest that would have been payable has been included under interest payable (see note 11) and the Government assistance received to pay this interest has been included in Other operating income (see note 5). From September 2021, Interest will be charged on the loan at an interest rate of the aggregate of the margin rate of 4.75% per annum and the Metro Bank base lending rate, currently standing at 0.1% per annum. It is the intention of the Directors to repay the loan in full within 1 year of taking the loan out.

# HYDRO HOTEL, EASTBOURNE, PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

### 22 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	23	109,657	120,812

### 23 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 2020 £	Liabilities 2019 £
<b>Balances:</b>		
Accelerated capital allowances	110,147	120,812
Tax losses	(490)	-
	<u>109,657</u>	<u>120,812</u>
		<b>2020</b> £
<b>Movements in the year:</b>		
Liability at 1 November 2019		120,812
Credit to profit or loss		(11,155)
		<u>109,657</u>

### 24 Retirement benefit schemes

	2020 £	2019 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	33,578	29,611

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 £2,882 (2019 £4,132) had not been paid over to the fund and are included within creditors: amounts falling due within one year.

# HYDRO HOTEL, EASTBOURNE, PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

### 25 Share capital

	2020	2019
	£	£
<b>Ordinary share capital</b>		
<b>Authorised</b>		
600,000 of £1 each	600,000	600,000
	=====	=====
<b>Issued and fully paid</b>		
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.

### 26 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2020	2019
	£	£
Acquisition of tangible fixed assets	-	13,938
	=====	=====

### 27 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 £145,472 (2019 £148,288).

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

Plummer Parsons, of which Mrs S A Gausden, director and company secretary, is Private Client Director, provided accountancy, taxation, secretarial and registration services to the company costing £60,000 in total during the year ended 31 October 2020 (2019: £53,190). The amount outstanding and due to Plummer Parsons at 31 October 2020 was £24,502 (2019: £25,920) 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.

### 28 Directors' transactions

Dividends totalling £1,847 (2019 - £4,163) were paid in the year in respect of shares held by the company's directors.

### 29 Controlling party

The directors consider that there is no ultimate controlling party.

# HYDRO HOTEL, EASTBOURNE, PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

### 30 Earnings per share

	2020 £	2019 £
Earnings are based on the (loss)/profit for the year	(139,289)	224,516
Earnings per share (basic and diluted)	(23.21)p	37.42p

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.

### 31 Analysis of changes in net funds

	1 November 2019 £	Cash flows £	31 October 2020 £
Cash at bank and in hand	1,107,586	(82,445)	1,025,141
Borrowings excluding overdrafts	-	(240,000)	(240,000)
	<u>1,107,586</u>	<u>(322,445)</u>	<u>785,141</u>

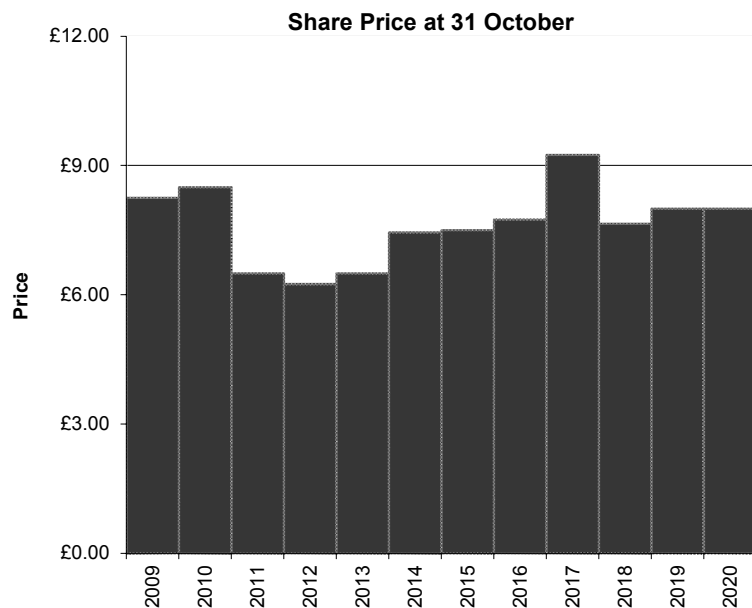
### 32 Cash generated from operations

	2020 £	2019 £
(Loss)/profit for the year after tax	(139,289)	224,516
<b>Adjustments for:</b>		
Taxation (credited)/charged	(35,077)	57,558
Finance costs	2,354	-
Interest receivable and similar income	(7,370)	(10,265)
Gain on disposal of tangible fixed assets	(203)	(7,147)
Depreciation and impairment of tangible fixed assets	200,723	201,605
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	9,224	(6,685)
Decrease in debtors	19,016	20,989
(Decrease)/increase in creditors	(209,249)	24,271
<b>Cash (absorbed by)/generated from operations</b>	<u>(159,871)</u>	<u>504,842</u>



# HYDRO HOTEL, EASTBOURNE, PLC

## GENERAL INFORMATION



\*Dividends p 27.0 27.0 18.0 18.0 18.0 18.0 18.0 21.0 21.0 ^9.0 0.0

\* Normal dividends declared for the year, excluding special distributions

^ excludes the second dividend which was cancelled owing to Covid 19

Registered Office:

Hydro Hotel  
Mount Road  
Eastbourne  
East Sussex  
BN20 7HZ

Auditor:

Mazars LLP  
6 Sutton Plaza  
Sutton Court Road  
Sutton  
Surrey  
SM1 4FS

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

Share Transfer and Registration

Department:

Neville Registrars Limited  
Neville House  
Steelpark Road  
Halesowen  
West Midlands  
B62 8HD

## HYDRO HOTEL, EASTBOURNE, PLC

In light of the Coronavirus (Covid 19) pandemic and the social distancing measures in place, shareholders will not be able to attend the AGM in person and are encouraged to vote on any of the matters of business by completing a proxy form appointing the Chairman of the Meeting only to ensure their votes are counted. Proxy forms are included with the 2020 Annual Report which has been sent to all shareholders.

The meeting will proceed as a 'Virtual Closed Meeting' attended by a shareholder director and one other shareholder who together are able to form a quorum.

Shareholders who wish to submit questions to the Directors of the Company, may do so by e-mailing the Company Secretary at [sag@p-p.uk](mailto:sag@p-p.uk) but these must not arrive later than 11.30am on 21 March 2021. The answers to appropriate questions will be posted on the Company's website following the AGM.

### NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the ONE HUNDRED AND TWENTY SIXTH ANNUAL GENERAL MEETING of the Company will be held at the HYDRO HOTEL, Mount Road EASTBOURNE, on the 23RD DAY OF MARCH 2021, 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 2020 and the reports of the directors and auditor thereon.
2. To re-appoint C P Freeman as director.
3. To vote directors' fees for the year ending 31 October 2021.
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

15 February 2021

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. **Please note, as the meeting will be held virtually as a closed meeting shareholders or their appointed representative(s) will not be able to attend the AGM in person. Shareholders are encouraged to appoint the Chairman of the Meeting only to ensure their votes are counted.**

# HYDRO HOTEL, EASTBOURNE, PLC

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

- (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. **Please note, Shareholders are encouraged to appoint the Chairman of the Meeting only to ensure their votes are counted.**
- (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. **Please note, Shareholders are encouraged to appoint the Chairman of the Meeting only to ensure their votes are counted.**
- (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.
- (5) 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 2021 (the Specified Time) shall be entitled to 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 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.
- (6) 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.
- (7) As at 15 February 2021, 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 15 February 2021, being the last practicable date before the date of this Notice, is 600,000.

