

Registered number: 00767681

THE GREAT HOUSE AT SONNING LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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THE GREAT HOUSE AT SONNING LIMITED

COMPANY INFORMATION

Directors	R C Hicks J R L B Mount
Registered number	00767681
Registered office	2nd Floor Marylebone Lane London W1U 2NT
Independent auditors	Nexia Smith & Williamson Statutory Auditor & Chartered Accountants 25 Moorgate London EC2R 6AY

THE GREAT HOUSE AT SONNING LIMITED
REGISTERED NUMBER: 00767681


BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	4	9,883,050	6,500,220
Current assets			
Stocks		6,228	25,129
Debtors: amounts falling due within one year	5	429,535	488,697
Bank and cash balances		39,824	140,133
		<u>475,587</u>	<u>653,959</u>
Creditors: amounts falling due within one year	6	(11,372,623)	(7,982,759)
Net current liabilities		(10,897,036)	(7,328,800)
Creditors: amounts falling due after more than one year	7	(364,948)	-
Net liabilities		(1,378,934)	(828,580)
Capital and reserves			
Called up share capital	9	500,000	500,000
Profit and loss account	10	(1,878,934)	(1,328,580)
		<u>(1,378,934)</u>	<u>(828,580)</u>

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime as set out within Part 15 of the Companies Act 2006.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


 Director

29 September 2017

The notes on pages 2 to 10 form part of these financial statements.

THE GREAT HOUSE AT SONNING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. Accounting policies

1.1 Basis of preparation of financial statements

The Great House at Sonning Limited is a private limited company incorporated in England and Wales. The registered address of the office is 2nd Floor, Marylebone Lane, England, W1U 2NT.

The principal activity of the entity is the ownership and operation of the Great House hotel and restaurant in Sonning-on-Thames

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

During the year, the company changed its tangible fixed asset accounting policy from valuation to historic cost. This change has had no net effect on the loss for either year, the net liability position or opening equity and reserves.

The following principal accounting policies have been applied:

1.2 Going concern

As at 31 December 2016, the Company had net liabilities of £1,378,934. The directors have prepared cash flow forecasts that anticipate future funding being obtained from existing equity investors in order for the Company to meet its debts as they fall due. The existing shareholders have indicated that they would be willing to provide the Company with such funding as is necessary in order for the Company to meet its debts as they fall due for the foreseeable future, being at least one year from the date of approval of the financial statements.

On this basis, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the financial statements.

THE GREAT HOUSE AT SONNING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. Accounting policies (continued)

1.3 Revenue

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue is recognised at the point at which accommodation and related services are provided and when the amount of revenue can be measured reliably and it is probable that the Company will receive the consideration due under the contract.

1.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. No depreciation is charged on freehold buildings as the directors consider that the residual value of the property is sufficiently close to the current carrying value that any depreciation would be immaterial. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

THE GREAT HOUSE AT SONNING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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1. Accounting policies (continued)

1.4 Tangible fixed assets (continued)

Depreciation is provided on the following basis:

Freehold property	- Straight line over 50 years
Plant and machinery	- Straight line over 7 years
Fixtures and fittings	- Straight line over 7 years
Computer equipment	- Straight line over 10 years
Assets under development	- not depreciated

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and recognised in the Statement of Income and Retained Earnings.

1.5 Stocks

Stocks are valued at the lower of cost and net realisable value.

1.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.7 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, for example the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate

THE GREAT HOUSE AT SONNING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. Accounting policies (continued)

1.7 Financial instruments (continued)

for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets are de-recognised when:

- the contractual rights to the cash flows from the financial asset expire or are settled; or
- the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the Company, despite having retained some but not all significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are de-recognised only when the obligation specified in the contract is discharged, cancelled or expires.

1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.9 Operating leases

Rentals paid under operating leases are charged to the Statement of income and retained earnings on a straight line basis over the lease term.

THE GREAT HOUSE AT SONNING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosures of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period.

Financial instrument classification

The classification of financial instruments as 'basis' or 'other' requires judgement as to whether all the applicable conditions for classification as basic are met. This includes consideration of the form of the instrument and its return.

Impairment of tangible fixed assets

Determining whether tangible fixed assets are impaired requires an estimation of both the net realisable value (NRV) of the assets and also the value in use of the cash generating units (CGU) to which the assets are allocated. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the CGU and apply a suitable discount rate in order to calculate the present value. The carrying amount at 31 December 2016 was £9,883,049 (2015: £6,500,220).

3. Employees

The average monthly number of employees, including directors, during the year was 13 (2015 - 35).

THE GREAT HOUSE AT SONNING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

4. Tangible fixed assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Assets under construc- tion £	Total £
Cost or valuation						
At 1 January 2016	6,086,390	43,551	763,544	67,355	87,439	7,048,279
Additions	-	-	44	-	3,546,084	3,546,128
Disposals	-	-	(24,701)	-	-	(24,701)
Transfers between classes	-	(21,321)	-	-	21,321	-
At 31 December 2016	6,086,390	22,230	738,887	67,355	3,654,844	10,569,706
Depreciation						
At 1 January 2016	-	14,476	503,584	29,999	-	548,059
Charge for the year on owned assets	87,255	3,220	42,411	5,712	-	138,598
At 31 December 2016	87,255	17,696	545,995	35,711	-	686,657
Net book value						
At 31 December 2016	5,999,135	4,534	192,892	31,644	3,654,844	9,883,049
At 31 December 2015	6,086,390	29,075	259,960	37,356	87,439	6,500,220

THE GREAT HOUSE AT SONNING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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5. Debtors

	2016 £	2015 £
Trade debtors	31,756	451,930
Amounts owed by group undertakings	-	3,052
Other debtors	397,779	33,715
	<u>429,535</u>	<u>488,697</u>

6. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank loans and overdrafts	3,214,919	3,845,578
Trade creditors	203,067	271,330
Amounts owed to group undertakings	7,747,634	3,555,727
Taxation and social security	4,722	30,087
Other creditors	630	21,736
Accruals and deferred income	201,651	258,301
	<u>11,372,623</u>	<u>7,982,759</u>

7. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Bank loans	364,948	-
	<u>364,948</u>	<u>-</u>

Secured loans

The bank loans and overdrafts are secured by a legal charge over the freehold property and by a debenture over the assets of the Company.

THE GREAT HOUSE AT SONNING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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8. Loans

Analysis of the maturity of loans is given below:

	2016 £	2015 £
Amounts falling due within one year		
Bank loans	3,214,919	3,845,578
	<u>3,214,919</u>	<u>3,845,578</u>
Amounts falling due 1-2 years		
Other loans	364,948	-
	<u>364,948</u>	<u>-</u>
	<u><u>3,579,867</u></u>	<u><u>3,845,578</u></u>

9. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
450,000 ordinary shares of £1 each	450,000	450,000
50,000 preference shares of £1 each	50,000	50,000
	<u>500,000</u>	<u>500,000</u>

The preference shares carry no dividend or voting rights but take priority over the ordinary shares in the event of winding up.

10. Reserves

Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

THE GREAT HOUSE AT SONNING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

11. Controlling party

The Company's immediate parent company is Mudlark Hotels Limited, a company registered in England and Wales. Copies of the group financial statements may be obtained from Mudlark Hotels Limited, 2nd Floor, Marylebone Lane, London, W1U 2NT.

The ultimate parent undertaking is Xercise 2 Limited, a company registered in England and Wales.

The ultimate controlling party of Xercise 2 Limited is H E M Osmond.

12. Auditors' information

The auditor's report on the financial statements prepared for the members was unqualified and there were no matters to which the auditor drew attention by way of emphasis. The auditor's report was signed by Jacqueline Oakes of Nexi Smith & Williamson as senior statutory auditor.