

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
FOR
THE GOODWOOD HOTEL LIMITED**

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THE GOODWOOD HOTEL LIMITED

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THE GOODWOOD HOTEL LIMITED

COMPANY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2016

DIRECTORS:

Earl of March
Tracey Greaves

SECRETARY:

Katharine Anne Palka

REGISTERED OFFICE:

Goodwood House
Goodwood
Chichester
West Sussex
PO18 0PX

REGISTERED NUMBER:

01326672 (England and Wales)

SENIOR STATUTORY AUDITOR:

P R Collins

AUDITORS:

Hartley Fowler LLP
Statutory Auditors
Chartered Accountants
44 Springfield Road
Horsham
West Sussex
RH12 2PD

THE GOODWOOD HOTEL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their strategic report for the year ended 31 December 2016.

OUR OBJECTIVE AND MISSION - 2015

The Goodwood Hotel is part of the Goodwood Group. Goodwood's objective is to be the world's leading luxury experience brand and deliver consistently strong financial performance to enable continued investment in the fabric of the Goodwood Estate.

Our mission is to build a progressive customer focussed business and develop Goodwood as a global brand whilst preserving authenticity, creating unique moments and delivering sustainable commercial performance in an exciting and rewarding place.

BUSINESS MODEL

The Company operates The Goodwood Hotel, a 91 bedroom Hotel incorporating two restaurants, meeting and event facilities and a Health Club. Set in the Goodwood Estate on the Sussex Downs, the Hotel offers award-winning dining, stylish refurbished bedrooms and stunning surroundings.

REVIEW OF BUSINESS

The Goodwood Hotel delivered an improved financial performance in 2016. This is reflective of a focus on a better yielding of the Hotel's rooms along with a focus on Leisure and Beauty products.

The Goodwood Hotel increased revenue by 2.5% to £8.0m in 2016 (2015: £7.8m). The increased revenue, all being high margin, led to an improvement in Operating Profit of £0.3m to £0.4m. The Hotel enjoyed good demand for rooms in 2016 due to both the high standard of rooms and its location within the wider Estate and the attraction that that has for Corporate customers. As a result, average room rate improve markedly to £127 from £115 in 2015 but occupancy declined from 76% in 2015 to 73.5% in 2016.

Food and beverage revenues remained static against 2015 at £2.9m, which represented a strong performance as the flagship restaurant at the Hotel underwent a significant refurbishment programme in Quarter 4, meaning it was shut for 10 weeks. The Health Club had a solid year with revenue marginally up on 2015 despite a competitive local market whilst income from the Beauty operations improved 13% versus prior year as the minor refurbishment completed in 2015 delivered strong returns.

The Company remains committed to investing in the fabric of the Hotel with significant investment made in the flagship Hotel restaurant in 2016 with a new, Estate-led concept, based on the Group's organic farming principles delivered in the renamed facility Farmer, Butcher, Chef with that being supported with heavy investment in the kitchen equipment across the Hotel. Initial plans were also initiated for significant investment across the Hotel over the coming 5-6 years with further planning work commissioned for 2017 under the guidance of expert hospitality architects Reardon Smith Associates.

Trading conditions in the rural UK hotel market are expected to remain positive, albeit with growth at a slow rate and with a reduced lead time on large bookings, which should couple with good demand for our product coming from other businesses in the Group. Our focus on service and quality, against the backdrop of the Goodwood Estate, along with a clear investment plan puts us in a strong position to continue to develop during 2017 and for the longer term.

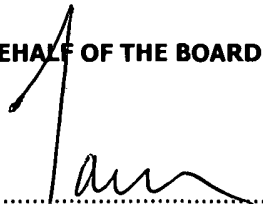
THE GOODWOOD HOTEL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

PRINCIPAL RISKS AND UNCERTAINTIES

Risk	Mitigation controls
Health & safety risk	<p>The Company operates leisure facilities, including a swimming pool and gym and two restaurants. The Company ensures it complies with all of the relevant standards and carries out frequent checks to ensure its food and beverage operations are operated to the highest possible standards.</p> <p>In addition, as part of the Goodwood Group, the Company benefits from the investment being made in the Group Health & Safety function. This will support the future growth of the Company's operations.</p>
Market risk: Improvement in competitor operations results in reduced business activity	<p>The Company effectively operates three principal businesses: a Hotel accommodation business; a food and beverage business, and a leisure and spa business.</p> <p>The Company has focussed on ensuring that each of its businesses is competitive in their respective markets. The Company has invested heavily in its bedrooms stock since 2010, to ensure its room offering is at the required standard.</p> <p>In food and beverage, we have recruited a team of high quality chefs that are passionate about using food produced by Home Farm, the Estate's organic farm, thus differentiating the restaurants from local competitors.</p> <p>In leisure, the Company offers its members' good facilities, a highly personalised service and an innovative programme of fitness activities that take place across the Estate.</p>
Market risk: Deterioration in the UK economy	<p>The Company is exposed to both the UK leisure and corporate markets and therefore is likely to be impacted by wider economic conditions. However, the Company's leisure business from the local market is perceived to be relatively affluent and therefore somewhat insulated from wider economic issues. In terms of its corporate business, the Company is able to access the corporate client base of the Group and so has a more diverse potential client base than a normal UK regional hotel. This is expected to lend a degree of resilience to trading.</p>
Operational risk: Inability to attract and retain key employees	<p>The Company's success is dependent on attracting and retaining the best employees. The Company uses the Group HR function and this conducts regular benchmarking to ensure that staff pay and benefits are in line or better than comparable companies. The Group also invests in staff training and this ensures that Hotel employees get access to the right support and development.</p>
Information systems risk: failure of Hotel booking system	<p>The Group has continued to invest in improving its information systems. In particular, the Group completed the upgrade of its network infrastructure during the year and has continued to invest in improving the functionality of its Hotel booking system.</p>

ON BEHALF OF THE BOARD:


.....
Earl of March - Director

Date:



THE GOODWOOD HOTEL LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2016.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

Earl of March
Tracey Greaves

Other changes in directors holding office are as follows:

Alexander Patrick Williamson ceased to be a director after 31 December 2016 but prior to the date of this report.

THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

There is a third party indemnity provision in place for the benefit of all directors of the company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

Hartley Fowler LLP have indicated their willingness to be appointed for another term and appropriate arrangements have been put in place for them to be appointed as auditors in the absence of an Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
Earl of March - Director

Date: 

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE GOODWOOD HOTEL LIMITED

We have audited the financial statements of The Goodwood Hotel Limited for the year ended 31 December 2016 on pages six to nineteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 a Report of the Auditors 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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

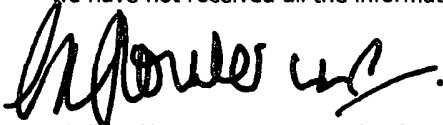
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



P R Collins (Senior Statutory Auditor)
for and on behalf of Hartley Fowler LLP
Statutory Auditors
Chartered Accountants
44 Springfield Road
Horsham
West Sussex
RH12 2PD

Date: *22nd June 2017*

THE GOODWOOD HOTEL LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
TURNOVER	3	8,100,294	7,782,460
Cost of sales		1,257,138	1,325,981
GROSS PROFIT		6,843,156	6,456,479
Administrative expenses		6,382,755	6,397,986
		460,401	58,493
Other operating income		39,864	42,348
OPERATING PROFIT	5	500,265	100,841
Interest payable and similar expenses	6	505	2,221
PROFIT BEFORE TAXATION		499,760	98,620
Tax on profit	7	100,128	2,266
PROFIT FOR THE FINANCIAL YEAR		399,632	96,354
OTHER COMPREHENSIVE INCOME			
Unrealised gains on property revaluation		10,275	99,573
Income tax relating to other comprehensive income		55,000	35,000
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		65,275	134,573
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		464,907	230,927

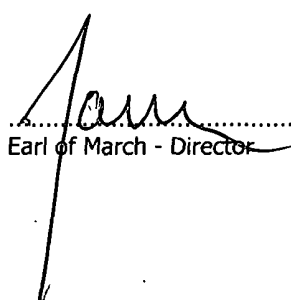
The notes form part of these financial statements

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

BALANCE SHEET 31 DECEMBER 2016

	Notes	2016 £	2015 £
FIXED ASSETS			
Tangible assets	8	16,414,084	16,243,822
CURRENT ASSETS			
Stocks	9	75,547	81,804
Debtors	10	731,850	527,461
Cash in hand		4,000	4,000
		811,397	613,265
CREDITORS			
Amounts falling due within one year	11	4,306,246	4,311,406
NET CURRENT LIABILITIES		(3,494,849)	(3,698,141)
TOTAL ASSETS LESS CURRENT LIABILITIES		12,919,235	12,545,681
CREDITORS			
Amounts falling due after more than one year	12	(17,235)	-
PROVISIONS FOR LIABILITIES	16	(573,859)	(682,447)
NET ASSETS		12,328,141	11,863,234
CAPITAL AND RESERVES			
Called up share capital	17	100,000	100,000
Revaluation reserve		6,156,295	6,091,020
Retained earnings		6,071,846	5,672,214
SHAREHOLDERS' FUNDS		12,328,141	11,863,234

The financial statements were approved by the Board of Directors on 19/6/17 and were signed on its behalf by:


Earl of March - Director

The notes form part of these financial statements

THE GOODWOOD HOTEL LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 January 2015	100,000	5,575,860	5,956,447	11,632,307
Changes in equity				
Total comprehensive income	-	96,354	134,573	230,927
Balance at 31 December 2015	<u>100,000</u>	<u>5,672,214</u>	<u>6,091,020</u>	<u>11,863,234</u>
Changes in equity				
Total comprehensive income	-	399,632	65,275	464,907
Balance at 31 December 2016	<u>100,000</u>	<u>6,071,846</u>	<u>6,156,295</u>	<u>12,328,141</u>

The notes form part of these financial statements

THE GOODWOOD HOTEL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Cash generated from operations	1	700,569	(2,691,383)
Interest element of hire purchase payments paid		(505)	(2,221)
Tax paid		(73,300)	-
Net cash from operating activities		<u>626,764</u>	<u>(2,693,604)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(718,340)	(88,471)
Sale of tangible fixed assets		10,400	400
Net cash from investing activities		<u>(707,940)</u>	<u>(88,071)</u>
Cash flows from financing activities			
Capital repayments in year		(14,040)	(22,195)
Net cash from financing activities		<u>(14,040)</u>	<u>(22,195)</u>
Decrease in cash and cash equivalents		<u>(95,216)</u>	<u>(2,803,870)</u>
Cash and cash equivalents at beginning of year	2	(2,659,185)	144,685
Cash and cash equivalents at end of year	2	<u><u>(2,754,401)</u></u>	<u><u>(2,659,185)</u></u>

The notes form part of these financial statements

THE GOODWOOD HOTEL LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2016	2015
	£	£
Profit before taxation	499,760	98,620
Depreciation charges	582,870	512,450
Loss on disposal of fixed assets	6,447	446
Finance costs	505	2,221
	<u>1,089,582</u>	<u>613,737</u>
Decrease/(increase) in stocks	6,257	(7,572)
(Increase)/decrease in trade and other debtors	(204,389)	545,905
Decrease in trade and other creditors	(190,881)	(3,843,453)
Cash generated from operations	<u><u>700,569</u></u>	<u><u>(2,691,383)</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2016

	31/12/16	1/1/16
	£	£
Cash and cash equivalents	4,000	4,000
Bank overdrafts	(2,758,401)	(2,663,185)
	<u>(2,754,401)</u>	<u>(2,659,185)</u>

Year ended 31 December 2015

	31/12/15	1/1/15
	£	£
Cash and cash equivalents	4,000	144,685
Bank overdrafts	(2,663,185)	-
	<u>(2,659,185)</u>	<u>144,685</u>

The notes form part of these financial statements

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

The Goodwood Hotel Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The Company's principle activities are that of Hotels and similar accommodation.

Monetary amounts in these financial statements are rounded to the nearest whole £1. The financial statements are presented in sterling which is also the functional currency of the Company.

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The Company's principal activities and nature of operations are disclosed under the Strategic Report.

The directors have considered whether the financial statements have been properly prepared on the going concern basis in the light of the deficit of net current assets over net current liabilities at the end of the year. The company is dependent on the continuing support of the holding company. The directors have received confirmation from the directors of the holding company that the holding company will continue its support of the company for a minimum period of twelve months from the date on which these accounts have been approved and therefore consider that the going concern basis is the appropriate basis for the preparation of the accounts.

Significant judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year have been considered.

Turnover

Turnover represents the value of services provided excluding VAT, including sales of accommodation, food and beverages, conference and other facility fees and gym membership fees. Hotel events income is recognised when the events take place. Hotel club membership income is recognised evenly over the term of the membership. All other income is recognised at the point of sale. Turnover is adjusted for accrued and deferred membership income.

Tangible fixed assets

Long leasehold land and buildings are stated at fair value at the balance sheet date. The impact of this change on opening equity and profit for the comparative year are explained in the statement of changes in equity.

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Annual reviews are made of estimated useful lives and material residual values. Depreciation rates used to write off cost less residual value on a straight line basis are:

Fixtures, fittings and equipment - Over 4 to 10 years

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

THE GOODWOOD HOTEL LIMITED

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

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contributions pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Bank overdrafts

Bank overdrafts are presented within creditors: amounts falling due within one year.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2016 £	2015 £
Hotel and restaurant	8,060,430	7,740,112
Rental	39,864	42,348
	<u>8,100,294</u>	<u>7,782,460</u>

THE GOODWOOD HOTEL LIMITED

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

4. EMPLOYEES AND DIRECTORS

	2016 £	2015 £
Wages and salaries	2,693,353	2,725,583
Social security costs	191,416	199,651
Other pension costs	34,822	38,354
	<u>2,919,591</u>	<u>2,963,588</u>

The average monthly number of employees during the year was as follows:

	2016	2015
Management & Administration	8	6
Operational	156	157
	<u>164</u>	<u>163</u>

	2016 £	2015 £
Directors' remuneration	-	-
	<u>-</u>	<u>-</u>

5. OPERATING PROFIT

The operating profit is stated after charging:

	2016 £	2015 £
Hire of plant and machinery	90,918	54,909
Other operating leases	5,977	8,316
Depreciation - owned assets	579,768	491,394
Depreciation - assets on hire purchase contracts	3,102	21,056
Loss on disposal of fixed assets	6,447	446
Auditors' remuneration	13,500	13,750
Auditors' remuneration for non audit work	952	925
	<u>952</u>	<u>925</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2016 £	2015 £
Leasing	505	2,221
	<u>505</u>	<u>2,221</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2016 £	2015 £
Current tax:		
UK corporation tax	153,716	73,300
Deferred tax	(53,588)	(71,034)
Tax on profit	<u>100,128</u>	<u>2,266</u>

UK corporation tax has been charged at 20% (2015 - 20.25%).

THE GOODWOOD HOTEL LIMITED

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

7. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2016 £	2015 £
Profit before tax	499,760	98,620
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.250%)	99,952	19,971
Effects of:		
Expenses not deductible for tax purposes	136	401
Utilisation of tax losses	-	(6,871)
Depreciation in excess of capital allowances	53,672	59,639
Short term timing differences	(47)	134
Other tax adjustments	3	26
Deferred taxation	(53,588)	(71,034)
Total tax charge	100,128	2,266

Tax effects relating to effects of other comprehensive income

	Gross £	2016 Tax £	Net £
Unrealised gains on property revaluation	10,275	55,000	65,275
	10,275	55,000	65,275
	Gross £	2015 Tax £	Net £
Unrealised gains on property revaluation	99,573	35,000	134,573
	99,573	35,000	134,573

THE GOODWOOD HOTEL LIMITED

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

8. TANGIBLE FIXED ASSETS

	Long leasehold £	Fixtures and fittings £	Totals £
COST OR VALUATION			
At 1 January 2016	14,300,000	5,059,942	19,359,942
Additions	289,725	469,979	759,704
Disposals	-	(156,123)	(156,123)
Revaluations	10,275	-	10,275
	<u>14,600,000</u>	<u>5,373,798</u>	<u>19,973,798</u>
At 31 December 2016	14,600,000	5,373,798	19,973,798
DEPRECIATION			
At 1 January 2016	-	3,116,120	3,116,120
Charge for year	-	582,870	582,870
Eliminated on disposal	-	(139,276)	(139,276)
	<u>-</u>	<u>3,559,714</u>	<u>3,559,714</u>
At 31 December 2016	-	3,559,714	3,559,714
NET BOOK VALUE			
At 31 December 2016	<u>14,600,000</u>	<u>1,814,084</u>	<u>16,414,084</u>
At 31 December 2015	<u>14,300,000</u>	<u>1,943,822</u>	<u>16,243,822</u>

The long leasehold land and buildings were valued by Savills (UK) Limited, Chartered Surveyors at fair value of £14,200,000 at 31st December 2014. The fair value was established by considering various factors and applying appropriate index multiple. The directors reviewed the fair value at 31st December 2016 and taking into account the additions in 2016, considered this to be £14,600,000 (2015 £14,300,000).

Cost or valuation at 31 December 2016 is represented by:

	Long leasehold £	Fixtures and fittings £	Totals £
Valuation in 2013	4,227,805	-	4,227,805
Valuation in 2014	780,399	-	780,399
Valuation in 2015	99,573	-	99,573
Valuation in 2016	10,275	-	10,275
Cost	9,481,948	5,373,798	14,855,746
	<u>14,600,000</u>	<u>5,373,798</u>	<u>19,973,798</u>

THE GOODWOOD HOTEL LIMITED

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

8. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Fixtures and fittings £
COST OR VALUATION	
At 1 January 2016	73,982
Additions	41,364
Disposals	(73,982)
At 31 December 2016	<u>41,364</u>
DEPRECIATION	
At 1 January 2016	47,428
Charge for year	3,102
Eliminated on disposal	(47,428)
At 31 December 2016	<u>3,102</u>
NET BOOK VALUE	
At 31 December 2016	<u>38,262</u>
At 31 December 2015	<u>26,554</u>

9. STOCKS

	2016 £	2015 £
Stocks	<u>75,547</u>	<u>81,804</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade debtors	322,125	319,504
Amounts owed by group undertakings	170,528	63,708
Other debtors	3,838	1,703
Prepayments and accrued income	235,359	142,546
	<u>731,850</u>	<u>527,461</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Bank loans and overdrafts (see note 13)	2,758,401	2,663,185
Hire purchase contracts (see note 14)	13,788	3,699
Trade creditors	266,759	280,334
Amounts owed to group undertakings	25,301	314,994
Tax	153,716	73,300
Social security and other taxes	239,841	391,551
Other creditors	479,952	402,198
Accruals and deferred income	368,488	182,145
	<u>4,306,246</u>	<u>4,311,406</u>

THE GOODWOOD HOTEL LIMITED

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

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016 £	2015 £
Hire purchase contracts (see note 14)	<u>17,235</u>	<u>-</u>

13. LOANS

An analysis of the maturity of loans is given below:

	2016 £	2015 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>2,758,401</u>	<u>2,663,185</u>

14. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2016 £	2015 £
Gross obligations repayable:		
Within one year	13,968	4,069
Between one and five years	<u>17,460</u>	<u>-</u>
	<u>31,428</u>	<u>4,069</u>
Finance charges repayable:		
Within one year	180	370
Between one and five years	<u>225</u>	<u>-</u>
	<u>405</u>	<u>370</u>
Net obligations repayable:		
Within one year	13,788	3,699
Between one and five years	<u>17,235</u>	<u>-</u>
	<u>31,023</u>	<u>3,699</u>
	Non-cancellable operating leases	
	2016 £	2015 £
Within one year	24,890	8,801
Between one and five years	<u>76,855</u>	<u>1,718</u>
	<u>101,745</u>	<u>10,519</u>

THE GOODWOOD HOTEL LIMITED

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

15. SECURED DEBTS

The following secured debts are included within creditors:

	2016 £	2015 £
Bank overdrafts	2,758,401	2,663,185
Lease purchase contracts	31,023	3,699
	<u>2,789,424</u>	<u>2,666,884</u>

The bank overdraft is secured under the group loan arrangements by a fixed charge over certain freehold land, which includes the land occupied under long leasehold by the company.

Lease purchase contracts are secured on the assets concerned.

16. PROVISIONS FOR LIABILITIES

	2016 £	2015 £
Deferred tax	<u>573,859</u>	<u>682,447</u>
		Deferred tax
		£
Balance at 1 January 2016		682,447
Accelerated capital allowances		(53,588)
Unrealised revaluation gains		<u>(55,000)</u>
Balance at 31 December 2016		<u>573,859</u>

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2016 £	2015 £
Number:	Class:	Nominal value:		
100,000	Ordinary shares	£1	<u>100,000</u>	<u>100,000</u>

Ordinary share rights

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

Retained earnings

Cumulative profit and loss net of distributions to owners.

Revaluation reserve (in respect of the leasehold property per note 7)

Cumulative revaluation gains and losses in respect of the leasehold property, except revaluation gains and losses recognised in the profit and loss statement.

THE GOODWOOD HOTEL LIMITED

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

18. PENSION COMMITMENTS

Defined Contribution Pension Scheme

The company operates a defined contribution pension scheme on behalf of current employees. Contributions of 6 - 10% are payable by the company and 4% by the employee and are charged to profit and loss account in the period to which they relate. For the year ended 31 December 2016 the company made total employer contributions of £63,690 (2015: £80,910). There were outstanding contributions of £5,084 as at 31 December 2016.

19. ULTIMATE PARENT COMPANY

The ultimate parent company is The Goodwood Estate Company Limited, registered in England and Wales. The smallest and largest group in which the Company accounts are consolidated is that of The Goodwood Estate Limited, the consolidated company accounts are available from Goodwood House, Goodwood, Chichester, West Sussex, PO18 0PX.

20. GUARANTEES AND FINANCIAL COMMITMENTS

The company has given an unlimited cross guarantee to the group's bankers in respect of the revolving credit facility and overdraft facility provided to the parent company, The Goodwood Estate Company Limited. The Group has a credit facility of £10,000,000 and an overdraft limit of £5,000,000. The group's overall potential liability at 31 December 2016 was £nil (2015: £4,243,346).

The company has used bank overdrafts of £2,848,619 (2015: £2,736,562) which is part of the group credit facility.

21. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

22. ULTIMATE CONTROLLING PARTY

The Directors regard the Trustees acting on behalf of Trusts for the Gordon-Lennox family to be the ultimate controlling party of the Group.