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Registrar.

REGISTERED NUMBER: 01326672 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
FOR
THE GOODWOOD HOTEL LIMITED**



THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

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THE GOODWOOD HOTEL LIMITED

COMPANY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2018

DIRECTORS: The Duke of Richmond and Gordon
Mrs Tracey Greaves
Mr Christopher Edward James Woodgate
Mr Andrew Michael Coggings

SECRETARY: Mrs 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 (REGISTERED NUMBER: 01326672)

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their strategic report for the year ended 31 December 2018.

OUR OBJECTIVE AND MISSION

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 net profit was lower than previous years, despite strong sales 5.11% higher than 2017. There was revenue growth across most of the Hotel's operations despite challenging market conditions caused by the outcome of the Brexit referendum in 2016 but pressures on Staff costs and Rates and Utilities have had a negative impact overall.

The Goodwood Hotel increased revenue to £8.6m (2017 £8.2m). Strong Food & Beverage over the year has contributed to the positive revenue uplift with The Farmer, Butcher, Chef, the Hotel's flagship restaurant, having another positive year along with improved performance within The Bar and Grill; 8% up on 2017. Focus has been on convincing customers to return with a small investment made in improving the members lounge and improvements to the service and menu offering have also played their part.

Accommodation revenue was £3.22m, 4.9% higher than the £3.07m generated in 2017. Both occupancy and ARR grew from 2017 levels with a continued model of attracting corporate business in the midweek nights and leisure business at weekends working well. In the latter part of the year a pattern emerged of short lead bookings becoming more prevalent indicating that the Brexit plans were having an impact on people booking large events.

Staff costs continue to impact the Goodwood Hotel with combined costs over 14% higher in 2018 than prior year. The majority of the impact is due to the National Living Wage and Auto-Enrolment increases along with having a General Manager in place for the full year. Staff cost uplifts at the current levels are difficult to pass on to customers and so margins are getting eroded but controls on hours have been improved with the acquisition of a software system for more transparent rotas helping mitigate the impact where possible.

Investment in the facility continues to be made at a good level; the Hotel is the subject of the major investment plan for the Goodwood Group over the coming 5 to 10 years with a full and thorough improvement and refurbishment program being worked up currently. Professional fees incurred to date amount to £0.25m with Q4 2019 the planned start date for construction activity. The company have continued to invest in the staff accommodation houses which are now at a suitable standard and small improvements have been made to the Health Club in a bid to retain members.

Trading conditions for the hotel and hospitality market remain a challenge going into Q1 2019 when Britain is expected to leave the EU and no one clear on the full impact of that decision. Corporate Meeting and Event business is under pressure due to the uncertainty surrounding the UK economy and companies are not keen to commit to any spend which could be deemed discretionary as well as being preoccupied getting contingency plans in place for all possible outcomes. Additionally, the sense of nervousness in companies is flowing through to their employees impacting the Leisure market but confidence in the Hotel's product and its position on the wider Estate give reassurance that demand will return to normal levels once the political scene has settled down.

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

PRINCIPAL RISKS AND UNCERTAINTIES

Risk type	Principle risks identified	Controls & mitigations
External development of land that adversely affects the Estate	Possibility of new bypass north of Chichester that impacts Estate businesses, or encroachment of land development north of Chichester up to the Estate boundary. Planning decisions by SDNP or CDC that constrain the Estate's business activities.	Monitor & Review by Estate Committee, and external planning consultant advice. Monitoring of CDC local plan & sites proposed through HELAA call for sites.
Brand Reputation	Damage to reputation as a consequence of mis-managing the brand or failing to respond properly to potentially damaging circumstances.	Brand guidelines for all key events exist. Closely monitoring IP trademarks, with IP steering group managing our trademarks. General PR and lobbying, with participation in industry groups. Regular customer research and monitoring of satisfaction KPIs.
IT and Data Protection	Interruption of service, corruption or data breaches as a result of cyber attacks or failure of the systems and infrastructure.	Full infrastructure resilience in all areas inc fibre, storage network, telephone lines, firewalls, data connectivity, network servers & core network switches. DP and PCI training for all staff, cyber attack prevention via Darktrace, int and ext penetration tests. Encrypted endpoints with antivirus, 2FA on VPN.
Operations (365 and events)	Major operational incident causing loss of life, serious injuries, significant long-term environmental impairment, serious damage to assets and/or extensive impairment to our commercial activities.	Major event planning is refined and tested through a multi-agency planning process that includes a Safety Advisory Group for each event. Regular liaison with statutory experts such as EHO, Fire Brigade, Police etc. Specialist single insurance policy covering the Group's business risks.
Terrorism	Threat of, or actual deliberate act, to damage the Estate's assets, interrupt a major event and/or damage the reputation of the Goodwood Estate through terrorist activity.	Dedicated 24/7 security team with access to co-ordinated multi-camera CCTV enabled control room. Strong relationship with local and national police agencies to identify specific threat level and risks to the Estate, Events and Family. Extensive on-event control measures and plans in place.
Failure within the Supply Chain or a Significant Customer	An operational or contractual failure within the supply chain that disrupts, financially impacts or stops a Goodwood business from operating on a daily or longer term basis. A significant customer presents a credit risk and therefore does not pay or withdraws from Goodwood.	Approved contracts & standard clauses covering mitigation and escalation. Contract training for employees, ensuring contract awareness & understanding of consequences. Credit Checks are performed in advance of customer contractual commitment, cash collection is proactively managed and key account relationship managers are in place.

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

Business Continuity	The inability for one or more business areas to keep operating after adversity.	Estate wide risk assessments to identify the potential issues in advance. Disaster plans in place, including IT and salvage as well as an extensive supply chain back up to provide temporary services. Skilled workforce used to coping with adversity. Ongoing advice from local emergency services. Size of estate allows for relocation of resources if one area off limits.
Family and Heritage Assets	Death, illness, accident of The Duke or Family. Fire, Flooding, explosion at Goodwood House. Kidnap, ransom of The Duke or Family. Burglary / Theft of artwork, furniture, jewellery etc	Physical and Operational security plans in place for protection The Duke and Family. Alarms, CCTV, Access Control, Driving. Salvage Plan in place for Goodwood House. Insurance of property and assets. Vetting of staff procedure. NDA, control of contractors procedures used. Specialist security consultants in place.
People and Development	Failure to comply with employment and GDPR law causing employee claims, government penalties and damage to the Goodwood brand. Failure to recruit, train and retain good staff, causing poor service and standards and high labour turnover, customer complaints & compensation, possibility of being unable to operate areas of the business causing loss of revenue.	Robust recruitment process, employment contracts, employee handbook and security checks, Mandatory and optional training programmes, regular individual employee monitoring processes, external audit on files, Succession planning. Regular Employment law updates for all P&D staff.
Macro-Economic and Legislative Threats to Commercial Activity	A change to legislation (such as Brexit or the Bribery Act) or a downturn in a key business sector (such as the motor industry) that adversely affects our business(es) commercially.	Comprehensive Group Bribery Act Policy is in place. Management focus to ensure corrective actions are taken in timely manner. Relationships with Sponsors and Clients.

ON BEHALF OF THE BOARD:


.....
The Duke of Richmond and Gordon - Director

Date: 26 September 2019
.....

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2018.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

The Duke of Richmond and Gordon
Mrs Tracey Greaves
Mr Christopher Edward James Woodgate

Other changes in directors holding office are as follows:

Mr Andrew Michael Coggings - appointed 19 November 2018

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.

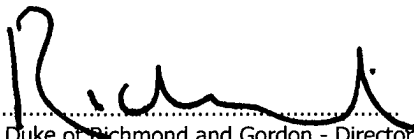
THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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:



.....
The Duke of Richmond and Gordon - Director

Date: 26 September 2019

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

Opinion

We have audited the financial statements of The Goodwood Hotel Limited (the 'company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 Financial Reporting Standard 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 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 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.

Auditors' 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.



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:

26th September 2019

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £	2017 £
TURNOVER	3	8,643,737	8,223,613
Cost of sales		1,383,730	1,337,540
GROSS PROFIT		7,260,007	6,886,073
Administrative expenses		6,910,925	6,378,404
		349,082	507,669
Other operating income		37,771	42,823
OPERATING PROFIT	5	386,853	550,492
Interest payable and similar expenses	6	180	180
PROFIT BEFORE TAXATION		386,673	550,312
Tax on profit	7	79,295	90,709
PROFIT FOR THE FINANCIAL YEAR		307,378	459,603
OTHER COMPREHENSIVE INCOME			
Unrealised loss on property revaluation		(254,535)	6,401
Income tax relating to other comprehensive income		43,314	151,086
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		(211,221)	157,487
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		96,157	617,090

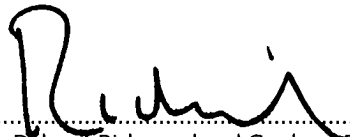
The notes form part of these financial statements

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

BALANCE SHEET 31 DECEMBER 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Tangible assets	8	16,210,482	16,366,276
CURRENT ASSETS			
Stocks	9	70,252	78,070
Debtors	10	480,005	573,956
Cash in hand		3,650	3,650
		553,907	655,676
CREDITORS			
Amounts falling due within one year	11	3,391,901	3,684,400
NET CURRENT LIABILITIES		(2,837,994)	(3,028,724)
TOTAL ASSETS LESS CURRENT LIABILITIES		13,372,488	13,337,552
CREDITORS			
Amounts falling due after more than one year	12	-	(3,447)
PROVISIONS FOR LIABILITIES	17	(331,100)	(388,874)
NET ASSETS		13,041,388	12,945,231
CAPITAL AND RESERVES			
Called up share capital	18	100,000	100,000
Revaluation reserve		6,102,561	6,313,782
Retained earnings		6,838,827	6,531,449
SHAREHOLDERS' FUNDS		13,041,388	12,945,231

The financial statements were approved by the Board of Directors on 26 September 2019 and were signed on its behalf by:


The Duke of Richmond and Gordon - Director

The notes form part of these financial statements

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 January 2017	100,000	6,071,846	6,156,295	12,328,141
Changes in equity				
Total comprehensive income	-	459,603	157,487	617,090
Balance at 31 December 2017	100,000	6,531,449	6,313,782	12,945,231
Changes in equity				
Total comprehensive income	-	307,378	(211,221)	96,157
Balance at 31 December 2018	100,000	6,838,827	6,102,561	13,041,388

The notes form part of these financial statements

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	1,248,938	1,351,998
Interest element of hire purchase payments paid		(180)	(180)
Tax paid		(123,405)	(154,924)
Net cash from operating activities		<u>1,125,353</u>	<u>1,196,894</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		<u>(420,912)</u>	<u>(287,601)</u>
Net cash from investing activities		<u>(420,912)</u>	<u>(287,601)</u>
Cash flows from financing activities			
Capital repayments in year		<u>(13,788)</u>	<u>(13,788)</u>
Net cash from financing activities		<u>(13,788)</u>	<u>(13,788)</u>
Increase in cash and cash equivalents		<u>690,653</u>	<u>895,505</u>
Cash and cash equivalents at beginning of year	2	<u>(1,858,896)</u>	<u>(2,754,401)</u>
Cash and cash equivalents at end of year	2	<u><u>(1,168,243)</u></u>	<u><u>(1,858,896)</u></u>

The notes form part of these financial statements

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

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

	2018	2017
	£	£
Profit before taxation	386,673	550,312
Depreciation charges	317,249	338,445
Loss on disposal of fixed assets	4,922	3,365
Finance costs	180	180
	<u>709,024</u>	<u>892,302</u>
Decrease/(increase) in stocks	7,818	(2,523)
Decrease in trade and other debtors	93,951	157,894
Increase in trade and other creditors	438,145	304,325
	<u>1,248,938</u>	<u>1,351,998</u>
Cash generated from operations	<u>1,248,938</u>	<u>1,351,998</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 2018

	31/12/18	1/1/18
	£	£
Cash and cash equivalents	3,650	3,650
Bank overdrafts	(1,171,893)	(1,862,546)
	<u>(1,168,243)</u>	<u>(1,858,896)</u>

Year ended 31 December 2017

	31/12/17	1/1/17
	£	£
Cash and cash equivalents	3,650	4,000
Bank overdrafts	(1,862,546)	(2,758,401)
	<u>(1,858,896)</u>	<u>(2,754,401)</u>

The notes form part of these financial statements

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. STATUTORY INFORMATION

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 presentation currency of the financial statements is the Pound Sterling (£).

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.

2. ACCOUNTING POLICIES

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.

The areas for which estimation has been applied are considered to be in calculating depreciation and the useful economic lives of assets, determining the fair values of long leasehold land and buildings, bad debt provision, stock provision, deferred tax and accrued and prepaid expenditure.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are determining the fair value of long leasehold land and buildings. Long leasehold land and buildings have been valued at fair value by the directors, taking into account a previous valuation undertaken by Savills (UK) Limited, Chartered Surveyors, and subsequent additions and disposals.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

Tangible fixed assets

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.

Financial instruments

(i) Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances and investments in commercial paper, are initially recognised at transaction price.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors and bank loans are initially recognised at transaction price.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

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.

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES - continued

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.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same components of comprehensive income or equity as the transaction or other events that resulted in the tax expense or income.

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

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.

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in the statement of comprehensive income unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

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:

	2018 £	2017 £
Hotel and restaurant	8,643,737	8,223,613
	<u>8,643,737</u>	<u>8,223,613</u>

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018****4. EMPLOYEES AND DIRECTORS**

	2018 £	2017 £
Wages and salaries	3,231,011	2,820,405
Social security costs	241,890	201,886
Other pension costs	74,186	39,666
	<u>3,547,087</u>	<u>3,061,957</u>

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

	2018	2017
Management and administration	15	14
Operational	198	191
	<u>213</u>	<u>205</u>

	2018 £	2017 £
Directors' remuneration	<u>117,510</u>	<u>-</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>-</u>
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5. OPERATING PROFIT

The operating profit is stated after charging:

	2018 £	2017 £
Hire of plant and machinery	85,508	83,413
Depreciation - owned assets	313,113	334,308
Depreciation - assets on hire purchase contracts	4,136	4,137
Loss on disposal of fixed assets	4,922	3,365
Auditors' remuneration	10,421	9,575
Auditors' remuneration for non audit work	<u>1,000</u>	<u>925</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018 £	2017 £
Leasing	<u>180</u>	<u>180</u>

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018****7. TAXATION****Analysis of the tax charge**

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

	2018 £	2017 £
Current tax:		
UK corporation tax	93,750	123,400
Adjustments for prior years	5	1,208
Total current tax	93,755	124,608
Deferred tax	(14,460)	(33,899)
Tax on profit	<u>79,295</u>	<u>90,709</u>

UK corporation tax has been charged at 19% (2017 - 19.25%).

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:

	2018 £	2017 £
Profit before tax	<u>386,673</u>	<u>550,312</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.250%)	73,468	105,935
Effects of:		
Expenses not deductible for tax purposes	3,145	1,302
Adjustments to tax charge in respect of previous periods	-	1,208
Depreciation in excess of capital allowances	16,214	16,499
Short term timing differences	933	(330)
Other tax adjustments	(5)	(6)
Deferred taxation	(14,460)	(33,899)
Total tax charge	<u>79,295</u>	<u>90,709</u>

Tax effects relating to effects of other comprehensive income

	2018		
	Gross £	Tax £	Net £
Unrealised loss on property revaluation	<u>(254,535)</u>	<u>43,314</u>	<u>(211,221)</u>
	2017		
	Gross £	Tax £	Net £
Unrealised gains on property revaluation	<u>6,401</u>	<u>151,086</u>	<u>157,487</u>

Deferred tax relating to property is measured using the revaluation model by using the enacted tax rates.

The main rate of corporation tax for 2018 is 19%. Going forward, the UK Government has confirmed the corporation tax rate is to reduce to 17% by 2020. The company is not aware of any factors that would materially affect the future tax charge apart from proposed, phased reductions in corporation tax rates.

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2018

8. TANGIBLE FIXED ASSETS

	Long leasehold £	Fixtures and fittings £	Totals £
COST OR VALUATION			
At 1 January 2018	14,635,000	3,572,542	18,207,542
Additions	254,535	166,377	420,912
Disposals	-	(22,373)	(22,373)
Revaluations	(254,535)	-	(254,535)
At 31 December 2018	14,635,000	3,716,546	18,351,546
DEPRECIATION			
At 1 January 2018	-	1,841,266	1,841,266
Charge for year	-	317,249	317,249
Eliminated on disposal	-	(17,451)	(17,451)
At 31 December 2018	-	2,141,064	2,141,064
NET BOOK VALUE			
At 31 December 2018	14,635,000	1,575,482	16,210,482
At 31 December 2017	14,635,000	1,731,276	16,366,276

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 directors reviewed the fair value at 31st December 2018 and taking into account the additions in the years 1st January 2015 to 31st December 2018, considered this to be £14,635,000 (2017 £14,635,000).

Cost or valuation at 31 December 2018 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
Valuation in 2017	6,401	-	6,401
Valuation in 2018	(254,535)	-	(254,535)
Cost	9,765,082	3,716,546	13,481,628
	14,635,000	3,716,546	18,351,546

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018 and 31 December 2018	41,364
DEPRECIATION	
At 1 January 2018	7,239
Charge for year	4,136
At 31 December 2018	11,375
NET BOOK VALUE	
At 31 December 2018	29,989
At 31 December 2017	34,125

9. STOCKS

	2018 £	2017 £
Stocks	70,252	78,070

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade debtors	348,054	339,161
Amounts owed by group undertakings	7,951	113,708
Other debtors	1,629	439
Prepayments and accrued income	122,371	120,648
	480,005	573,956

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Bank loans and overdrafts (see note 13)	1,171,893	1,862,546
Hire purchase contracts (see note 14)	3,447	13,788
Trade creditors	405,758	321,770
Amounts owed to group undertakings	326,021	120,898
Tax	93,750	123,400
Social security and other taxes	327,993	260,141
Other creditors	695,119	692,575
Accruals and deferred income	367,920	289,282
	3,391,901	3,684,400

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

	2018 £	2017 £
Hire purchase contracts (see note 14)	-	3,447

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

13. LOANS

An analysis of the maturity of loans is given below:

	2018 £	2017 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>1,171,893</u>	<u>1,862,546</u>

14. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2018 £	2017 £
Gross obligations repayable:		
Within one year	3,492	13,968
Between one and five years	<u>-</u>	<u>3,492</u>
	<u>3,492</u>	<u>17,460</u>
Finance charges repayable:		
Within one year	45	180
Between one and five years	<u>-</u>	<u>45</u>
	<u>45</u>	<u>225</u>
Net obligations repayable:		
Within one year	3,447	13,788
Between one and five years	<u>-</u>	<u>3,447</u>
	<u>3,447</u>	<u>17,235</u>
	Non-cancellable operating leases	
	2018 £	2017 £
Within one year	24,949	24,449
Between one and five years	<u>33,822</u>	<u>54,115</u>
	<u>58,771</u>	<u>78,564</u>

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2018

15. SECURED DEBTS

The following secured debts are included within creditors:

	2018 £	2017 £
Bank overdrafts	1,171,893	1,862,546
Lease purchase contracts	3,447	17,235
	<u>1,175,340</u>	<u>1,879,781</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. FINANCIAL INSTRUMENTS

	2018 £	2017 £
Carrying amount of financial assets		
Measured at amortised cost	356,005	452,869
Carrying amount of financial liabilities		
Measured at amortised cost	2,258,655	2,602,733

17. PROVISIONS FOR LIABILITIES

	2018 £	2017 £
Deferred tax	<u>331,100</u>	<u>388,874</u>
		Deferred tax
		£
Balance at 1 January 2018		388,874
Accelerated capital allowances		(14,460)
Unrealised revaluation gains		(43,314)
Balance at 31 December 2018		<u>331,100</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2018 £	2017 £
100,000	Ordinary shares	£1	<u>100,000</u>	<u>100,000</u>

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2018

18. CALLED UP SHARE CAPITAL - continued

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.

19. 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 2018 the company made total employer contributions of £91,175 (2017: £74,260). There were outstanding contributions of £8,282 as at 31 December 2018 (2017: £3,371).

20. 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.

21. 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 limit of £9,000,000 and an overdraft limit of £5,000,000. The group's overall potential liability at 31 December 2018 was £nil (2017: £nil).

The company has used bank overdraft of £1,294,041 at 31 December 2018 (2017: £1,963,348) which is part of the group overdraft facility.

22. 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.

Key management personnel include all directors and a number of senior managers who together have authority and responsibility for planning, directing and controlling the activities of the company. The total remuneration including benefits in kind paid to key management personnel for services was £268,854 (2017: £222,427).

23. 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.