

REGISTERED NUMBER: 01326672 (England and Wales)

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

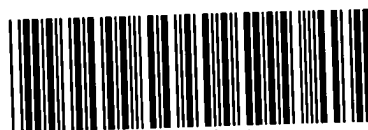
AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

FOR

THE GOODWOOD HOTEL LIMITED

THURSDAY



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17/12/2020

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THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

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FOR THE YEAR ENDED 31 DECEMBER 2019**

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THE GOODWOOD HOTEL LIMITED

COMPANY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2019

DIRECTORS: The Duke of Richmond and Gordon
Mrs Tracey Greaves
Christopher Edward James Woodgate
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
Pavilion View
19 New Road
Brighton
East Sussex
BN1 1EY

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their strategic report for the year ended 31 December 2019.

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 suffered reduced revenue due to the issues noted above with the 2019 result of £8.57m being 0.9% lower than 2018 with the two areas impacted the most being Accommodation and the Farmer, Butcher, Chef restaurant. The sale of rooms suffered in both the corporate and pleasure sectors with March and Q4 both well down on normal years. The reduced performance of the Farmer, Butcher, Chef was a surprise as it had grown steadily since its opening in 2016 but there were issues with pricing and the team which took their toll and were rectified in the latter part of the year.

On a positive note, the Meetings and Events side of the business had a strong year despite some reticence in the corporate sector. Weddings were a particular success story with the number of weddings growing from 13 in 2018 to 25 in 2019 along with the average spend improving from £7.3k to £7.9k. In the corporate events, although there was reduced volume, the spend when they did come was very strong. July 2019 broke the record for revenue in a single month as, alongside the Goodwood Festival of Speed, two large conferences booked at each end of the main event which delivered a very profitable result.

With the top line under pressure, the focus went to controlling staff costs wherever possible. Excluding Director's remuneration staff costs were reduced by 0.97% versus 2018 despite another big step up in the National Minimum Wage and increased pension costs as the Government's auto-enrolment scheme meant higher contributions had to be made to all those in the Group's pension scheme.

Beginning in 2018 and continuing throughout 2019 the Group embarked on a significant investment in the Hotel. The full plan, to be spread over a number of years, is expected to cost in the region of £25m with work beginning in earnest on the first phase in October 2019; the construction of a new, double story, bedroom block to the rear of the Hotel. Unfortunately, before the building had reached ground level it became apparent that there was an issue with the ground conditions which forced a more intrusive survey than had been done originally where a large sink hole was found 6-8 metres below ground level, covering 50% of the floor area. Work has therefore ceased on the project for now whilst a very in-depth survey is done to establish exactly the extent of the issue and design the appropriate remediation works.

Covid-19

On 11 March 2020 the World Health Organization declared the Coronavirus (COVID-19) outbreak a pandemic due to its rapid spread worldwide, having affected more than 150 countries. The majority of governments are taking restrictive measures to contain the spread, including: isolation, confinement, quarantine and restrictions on the free movement of people, the closure of public and private premises (except for basic necessities and health services), border closures and a drastic reduction in air, sea, rail and land transport. This situation is having a significant impact on the global economy.

For Goodwood Hotel this has meant the business being closed from the end of March through to the beginning of July and all staff being placed on furlough and so 80% of their costs being covered by the Government. A wide range of cost savings measures were made to help mitigate the closure with no Business Rates being paid after 1st April, a payment holiday of 6 months granted on the AMC loan and all variable costs cut completely.

The consequences derived from COVID-19 are considered an event after the reporting period that does not require an adjustment in the financial statements for the year ended 31 December 2019.

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

During 2020, the Company will assess the impact of the above-mentioned events on the equity and financial position at 31 December 2020 and on the results of operations and cash flows for the year then ended, profits will be impacted in 2020.

Going concern update

In the light of the pandemic and the severe repercussions described above, Goodwood has prepared a range of scenario-based cash flow projections, including a reasonable worst case, to establish the cash needs of the business over the remainder of 2020 and into 2021 and beyond. Such projections incorporate the benefit of a refinancing exercise just having been completed which is inclusive of Government support funding through the Coronavirus Business Interruption Loans Scheme ("CBILS"). As a consequence, the Board consider that, at the time of approving the financial statements, the Goodwood Group has adequate resources to continue to trade for the foreseeable future, and not less than one year from the date of approval of the financial statements.

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

PRINCIPAL RISKS AND UNCERTAINTIES

Risk type	Principal 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 Damage / 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.

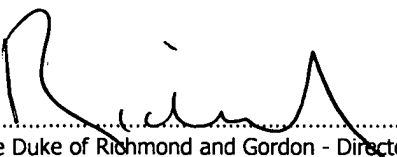
THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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.
Pandemic	National or International pandemic that affects our ability to operate some or all of our businesses, causing commercial damage.	Review availability and affordability of pandemic insurance cover. Ability to react quickly to changing Government regulations and adapt commercial business model to minimise financial impact.

ON BEHALF OF THE BOARD:


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

Date: 2/12/20
.....

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report with the financial statements of the company for the year ended 31 December 2019.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2019.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

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

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.

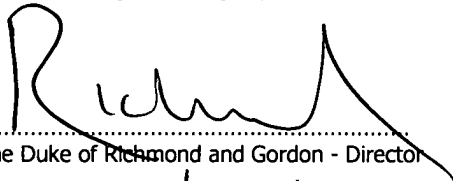
THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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: 2/12/20
.....

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 2019 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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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.

Emphasis of matter

We draw attention to the notes in the accompanying financial statements, in which the Directors mention the event after the reporting period in relation to the health emergency triggered by the spread of Coronavirus disease 2019 (COVID-19) and the main consequences identified at the date of the authorisation to issue these financial statements. Our opinion is not modified in respect of this matter.

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 six, 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.

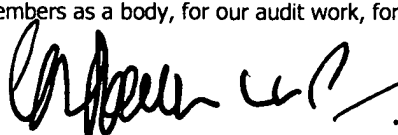
Auditors' responsibilities for the audit of the financial statements

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
Pavilion View
19 New Road
Brighton
East Sussex
BN1 1EY

Date: 15th December 2020

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
TURNOVER	3	8,565,654	8,643,737
Cost of sales		1,388,563	1,383,730
GROSS PROFIT		7,177,091	7,260,007
Administrative expenses		7,089,266	6,910,925
		87,825	349,082
Other operating income		32,680	37,771
OPERATING PROFIT	5	120,505	386,853
Interest payable and similar expenses	6	45	180
PROFIT BEFORE TAXATION		120,460	386,673
Tax on profit	7	35,680	79,295
PROFIT FOR THE FINANCIAL YEAR		84,780	307,378
OTHER COMPREHENSIVE INCOME			
Unrealised loss on property revaluation		(1,201,077)	(254,535)
Income tax relating to other comprehensive income		198,700	43,314
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		(1,002,377)	(211,221)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(917,597)	96,157

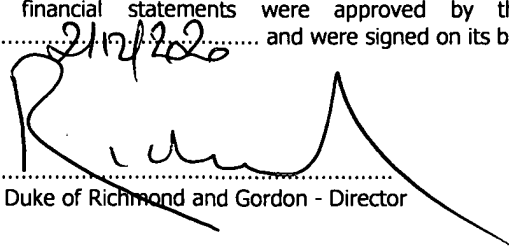
The notes form part of these financial statements

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

BALANCE SHEET 31 DECEMBER 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Tangible assets	8	16,170,544	16,210,482
CURRENT ASSETS			
Stocks	9	73,775	70,252
Debtors	10	287,408	480,005
Cash in hand		3,650	3,650
		364,833	553,907
CREDITORS			
Amounts falling due within one year	11	4,292,486	3,391,901
NET CURRENT LIABILITIES		(3,927,653)	(2,837,994)
TOTAL ASSETS LESS CURRENT LIABILITIES		12,242,891	13,372,488
PROVISIONS FOR LIABILITIES	15	119,100	331,100
NET ASSETS		12,123,791	13,041,388
CAPITAL AND RESERVES			
Called up share capital	16	100,000	100,000
Revaluation reserve		5,100,184	6,102,561
Retained earnings		6,923,607	6,838,827
SHAREHOLDERS' FUNDS		12,123,791	13,041,388

The financial statements were approved by the Board of Directors and authorised for issue on 21/12/2020 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 2019**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 January 2018	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
Changes in equity				
Total comprehensive income	-	84,780	(1,002,377)	(917,597)
Balance at 31 December 2019	100,000	6,923,607	5,100,184	12,123,791

The notes form part of these financial statements

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	1,177,051	1,248,938
Interest element of hire purchase payments paid		(45)	(180)
Tax paid		(93,750)	(123,405)
Net cash from operating activities		<u>1,083,256</u>	<u>1,125,353</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,503,900)	(420,912)
Net cash from investing activities		<u>(1,503,900)</u>	<u>(420,912)</u>
Cash flows from financing activities			
Capital repayments in year		(3,447)	(13,788)
Net cash from financing activities		<u>(3,447)</u>	<u>(13,788)</u>
(Decrease)/increase in cash and cash equivalents		<u>(424,091)</u>	<u>690,653</u>
Cash and cash equivalents at beginning of year	2	<u>(1,168,243)</u>	<u>(1,858,896)</u>
Cash and cash equivalents at end of year	2	<u><u>(1,592,334)</u></u>	<u><u>(1,168,243)</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 2019

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

	2019 £	2018 £
Profit before taxation	120,460	386,673
Depreciation charges	340,616	317,249
Loss on disposal of fixed assets	2,145	4,922
Finance costs	45	180
	<u>463,266</u>	<u>709,024</u>
(Increase)/decrease in stocks	(3,523)	7,818
Decrease in trade and other debtors	192,597	93,951
Increase in trade and other creditors	524,711	438,145
	<u>1,177,051</u>	<u>1,248,938</u>
Cash generated from operations	<u>1,177,051</u>	<u>1,248,938</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 2019

	31/12/19 £	1/1/19 £
Cash and cash equivalents	3,650	3,650
Bank overdrafts	(1,595,984)	(1,171,893)
	<u>(1,592,334)</u>	<u>(1,168,243)</u>

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>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/1/19 £	Cash flow £	At 31/12/19 £
Net cash			
Cash at bank and in hand	3,650	-	3,650
Bank overdrafts	(1,171,893)	(424,091)	(1,595,984)
	<u>(1,168,243)</u>	<u>(424,091)</u>	<u>(1,592,334)</u>
Debt			
Finance leases	(3,447)	3,447	-
	<u>(3,447)</u>	<u>3,447</u>	<u>-</u>
Total	<u>(1,171,690)</u>	<u>(420,644)</u>	<u>(1,592,334)</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 2019

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 principal 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 financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future. In the light of the pandemic, a Post Balance Sheet Event as disclosed in the notes of the financial statements, and the severe repercussions described in the Strategic Report, the Goodwood Group has prepared a range of scenario-based cash flow projections, including a reasonable worst case, to establish the cash needs of the business over the remainder of 2020 and into 2021 and beyond. Such projections incorporate the benefit of a refinancing exercise just having been completed which is inclusive of Government support funding through the Coronavirus Business Interruption Loans Scheme ("CBILS"). As a consequence, the Board consider that, at the time of approving the financial statements, the Goodwood Group has adequate resources to continue to trade for the foreseeable future, and not less than one year from the date of approval of the financial statements. 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.

There are no key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements and therefore no additional disclosure is provided in this regard.

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.

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Long leasehold land and buildings are stated at fair value at the balance sheet date. Unrealised surpluses or deficits on revaluation of the land and buildings are recognised through the Statement of Comprehensive Income unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease. Realised surpluses and deficits are recognised through the income statement. Depreciation is not charge on land and buildings. This represents a departure from the Companies Act requirements concerning the depreciation of fixed assets, however the director consider that the adoption of this policy is necessary to give a true and fair view.

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.

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2019

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.

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.

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019****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:

	2019 £	2018 £
Hotel and restaurant	8,565,654	8,643,737
	<u>8,565,654</u>	<u>8,643,737</u>

4. EMPLOYEES AND DIRECTORS

	2019 £	2018 £
Wages and salaries	3,286,330	3,231,011
Social security costs	252,978	241,890
Other pension costs	93,130	74,186
	<u>3,632,438</u>	<u>3,547,087</u>

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

	2019	2018
Management and administration	16	15
Operational	<u>202</u>	<u>198</u>
	<u>218</u>	<u>213</u>

	2019 £	2018 £
Directors' remuneration	<u>238,600</u>	<u>117,510</u>

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

	2019	2018
Money purchase schemes	<u>1</u>	<u>1</u>

Information regarding the highest paid director for the year ended 31 December 2019 is as follows:

	2019 £
Emoluments etc	<u>238,600</u>

5. OPERATING PROFIT

The operating profit is stated after charging:

	2019 £	2018 £
Hire of plant and machinery	95,620	85,508
Depreciation - owned assets	340,616	313,113
Depreciation - assets on hire purchase contracts	-	4,136
Loss on disposal of fixed assets	2,145	4,922
Auditors' remuneration	10,660	10,421
Auditors' remuneration for non audit work	<u>1,000</u>	<u>1,000</u>

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £	2018 £
Leasing	45	180

7. TAXATION

Analysis of the tax charge

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

	2019 £	2018 £
Current tax:		
UK corporation tax	48,980	93,750
Adjustments for prior years	-	5
Total current tax	48,980	93,755
Deferred tax	(13,300)	(14,460)
Tax on profit	35,680	79,295

UK corporation tax has been charged at 19% (2018 - 19%).

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:

	2019 £	2018 £
Profit before tax	120,460	386,673
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	22,887	73,468
Effects of:		
Expenses not deductible for tax purposes	3,175	3,145
Depreciation in excess of capital allowances	22,702	16,214
Short term timing differences	219	933
Other tax adjustments	(3)	(5)
Deferred taxation	(13,300)	(14,460)
Total tax charge	35,680	79,295

Tax effects relating to effects of other comprehensive income

	Gross £	2019 Tax £	Net £
Unrealised loss on property revaluation	(1,201,077)	198,700	(1,002,377)
	Gross £	2018 Tax £	Net £
Unrealised loss on property revaluation	(254,535)	43,314	(211,221)

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2019

7. TAXATION - continued

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

The main rate of corporation tax for 2019 is 19%. Going forward, the UK Government has confirmed the corporation tax rate is to remain at 19% until 2021. 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.

8. TANGIBLE FIXED ASSETS

	Long leasehold £	Fixtures and fittings £	Totals £
COST OR VALUATION			
At 1 January 2019	14,635,000	3,716,546	18,351,546
Additions	1,366,077	137,823	1,503,900
Disposals	-	(54,991)	(54,991)
Revaluations	(1,201,077)	-	(1,201,077)
At 31 December 2019	14,800,000	3,799,378	18,599,378
DEPRECIATION			
At 1 January 2019	-	2,141,064	2,141,064
Charge for year	-	340,616	340,616
Eliminated on disposal	-	(52,846)	(52,846)
At 31 December 2019	-	2,428,834	2,428,834
NET BOOK VALUE			
At 31 December 2019	14,800,000	1,370,544	16,170,544
At 31 December 2018	14,635,000	1,575,482	16,210,482

The long leasehold land and buildings were valued by Savills (UK) Limited, Chartered Surveyors at fair value of £14,800,000 at 31st December 2019.

Cost or valuation at 31 December 2019 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)
Valuation in 2019	(1,201,077)	-	(1,201,077)
Cost	11,131,159	3,799,378	14,930,537
	14,800,000	3,799,378	18,599,378

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

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 2019	41,364
Disposals	(41,364)
At 31 December 2019	-
DEPRECIATION	
At 1 January 2019	11,375
Eliminated on disposal	(11,375)
At 31 December 2019	-
NET BOOK VALUE	
At 31 December 2019	-
At 31 December 2018	29,989

9. STOCKS

	2019	2018
	£	£
Stocks	73,775	70,252

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade debtors	162,670	348,054
Amounts owed by group undertakings	183	7,951
Other debtors	3,424	1,629
Prepayments and accrued income	121,131	122,371
	287,408	480,005

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Bank loans and overdrafts (see note 12)	1,595,984	1,171,893
Hire purchase contracts (see note 13)	-	3,447
Trade creditors	672,620	405,758
Amounts owed to group undertakings	569,634	326,021
Tax	48,980	93,750
Social security and other taxes	259,130	327,993
Other creditors	806,111	695,119
Accruals and deferred income	340,027	367,920
	4,292,486	3,391,901

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019****12. LOANS**

An analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>1,595,984</u>	<u>1,171,893</u>

13. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2019 £	2018 £
Gross obligations repayable:		
Within one year	<u>-</u>	<u>3,492</u>
Finance charges repayable:		
Within one year	<u>-</u>	<u>45</u>
Net obligations repayable:		
Within one year	<u>-</u>	<u>3,447</u>
	Non-cancellable operating leases	
	2019 £	2018 £
Within one year	22,373	24,949
Between one and five years	21,849	33,822
In more than five years	520	-
	<u>44,742</u>	<u>58,771</u>

14. SECURED DEBTS

The following secured debts are included within creditors:

	2019 £	2018 £
Bank overdrafts	1,595,984	1,171,893
Lease purchase contracts	-	3,447
	<u>1,595,984</u>	<u>1,175,340</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.

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2019

15. PROVISIONS FOR LIABILITIES

	2019 £	2018 £
Deferred tax	<u>119,100</u>	<u>331,100</u>
		Deferred tax £
Balance at 1 January 2019		331,100
Accelerated capital allowances		(13,300)
Unrealised revaluation gains		<u>(198,700)</u>
Balance at 31 December 2019		<u>119,100</u>

16. CALLED UP SHARE CAPITAL

Number:	Class:	Nominal value:	2019 £	2018 £
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 8)

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

17. 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 2019 the company made total employer contributions of £112,636 (2018: £91,175). There were outstanding contributions of £9,435 as at 31 December 2019 (2018: £8,282).

18. 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.

THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2019

19. 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 £8,500,000 and an overdraft limit of £5,000,000. The group's overall potential liability at 31 December 2019 was £nil (2018: £nil).

The company has used bank overdraft of £1,694,830 at 31 December 2019 (2018: £1,294,041) which is part of the group overdraft facility.

20. CAPITAL COMMITMENTS

	2019 £	2018 £
Contracted but not provided for in the financial statements	-	-

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.

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 £238,600 (2018: £268,854).

22. POST BALANCE SHEET EVENTS

On 11 March 2020 the World Health Organization declared the Coronavirus (COVID-19) outbreak a pandemic. Further details of both the nature and financial effect of the event can be found in the Strategic Report.

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.