

**REGISTERED NUMBER: 01326672 (England and Wales)**

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017  
FOR  
THE GOODWOOD HOTEL LIMITED**

**REGISTRAR OF COMPANIES**



# **THE GOODWOOD HOTEL LIMITED**

## **CONTENTS OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

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	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Strategic Report</b>	<b>2</b>
<b>Report of the Directors</b>	<b>4</b>
<b>Report of the Independent Auditors</b>	<b>6</b>
<b>Statement of Comprehensive Income</b>	<b>8</b>
<b>Balance Sheet</b>	<b>9</b>
<b>Statement of Changes in Equity</b>	<b>10</b>
<b>Cash Flow Statement</b>	<b>11</b>
<b>Notes to the Cash Flow Statement</b>	<b>12</b>
<b>Notes to the Financial Statements</b>	<b>13</b>
<b>Trading and Profit and Loss Account</b>	<b>22</b>

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# THE GOODWOOD HOTEL LIMITED

## COMPANY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2017

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**DIRECTORS:** 11th Duke of Richmond and Gordon  
Mrs Tracey Greaves  
Mr Christopher Edward James Woodgate

**SECRETARY:** Katharine Anne Palka

**REGISTERED OFFICE:** Goodwood House  
Goodwood  
Chichester  
West Sussex  
PO18 0PX

**REGISTERED NUMBER:** 01326672 (England and Wales)

**SENIOR STATUTORY AUDITOR:** P R Collins

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

# THE GOODWOOD HOTEL LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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The directors present their strategic report for the year ended 31 December 2017.

### 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 continued the trend of 2015-16 by delivering another year of improved financial performance despite continued pressures on staff and food costs. An excellent year for the Hotel's flagship restaurant Farmer, Butcher, Chef was the catalyst for revenue increasing whilst Depreciation charges on historic bedroom refurbishments ceased which further helped Operating Profit.

The Goodwood Hotel increased revenue by 1% to £8.2m (2016: £8.1m) as the significant investment in the Hotel restaurant was well received and helped increase food and beverage revenue by 7% against 2016 to £3.05m. The restaurant underwent a complete refurbishment in Q4 2016 which included an overhaul of the food offering aligning it with the Group's sustainable ethos and basing it on the meat produced at Goodwood's organic farm with a core objective of utilising the whole carcass to minimise wastage.

Bedroom revenue fell back 1% against 2016 to £3.07m (2016: £3.1m) partly because 2016 was such a strong year and partly due to the reliance on leisure business as the corporate customers reduced spend citing continuing uncertainties related to the Brexit vote of 2016. The ability to switch between customer groups depending on the wider economy demonstrates resilience in the business model. Average room rates increased against 2016 (2017: £131, 2016: £127) with the reduction in revenue relating to a drop in occupancy down to 70.6% (73.5% in 2016).

The Health Club suffered a disappointing year as revenue fell back 8% against 2016 mainly due to a fall in membership numbers which, ultimately, was a result of a perceived lack of investment in the facilities along with the local municipal gym undergoing a significant refurbishment whilst offering a much lower average rate.

The Company remains committed to improving the fabric of the Hotel and 2017 saw another tranche of kitchen facility and equipment improvement, totalling c. £200k, whilst work has begun on a multimillion pound improvement project to completely renovate the Hotel with work expected to begin in 2019.

The wider economy remains a challenge, growth is slow and high margin corporate business is under pressure in a competitive market place. On a positive note, Goodwood as an Estate, continues to go from strength to strength which attracts a wide array of customers who often stay at the Hotel where our focus on service and quality only adds to their experience which, coupled with the significant investment program, puts the Goodwood Hotel in a strong position for the long term.

# THE GOODWOOD HOTEL LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

### PRINCIPAL RISKS AND UNCERTAINTIES

#### Risk

#### Mitigation controls

Actual or threatened development of land within or in close proximity to the boundary of the Estate.

The Group actively conducts an on-going review of all land development risks at the Estate Committee meeting, where long term strategic decisions are made around protecting Estate boundaries. The Group also actively engages with the local community and all relevant stakeholders on a regular basis.

Goodwood's brand positioning and reputation fails to be effective in encouraging potential business partners and/or sponsors to support its global reach strategy.

The Group derives a significant proportion of its income from sponsorship and is exposed to the automotive, technology and financial services sectors. The Group actively works with its major sponsors to ensure that they derive measurable benefit from the Group's events. In addition, the Group continues to diversify its sponsorship base, ensuring that it is not reliant on one particular segment of the major markets that it serves.

Failure to define, develop, implement and/or establish IT hardware, software and/or connectivity requirements in line with the operational needs and/or strategic direction of the business.

The Group conducts regular review meetings with the senior management team which focus on the strategic direction of the Group's IT operational needs and requirements with appropriate levels of investment funded. Stringent security and cyber related controls are in place and regularly reviewed to ensure the current IT offering remains fit for purpose. In addition, the Group has an IT disaster recovery plan to ensure effective business continuity.

Inability to hold a headline event, including suffering a Major Operational incident during an event causing (or threatening to cause) loss of life/serious injuries.

The Group plans all of its events and activities with Health & Safety at the core of our operations. The following are carried out for all the group's events. Event planning and management including with relevant third parties, Planned Preventative Maintenance of equipment and systems. Well established vetting procedures for third party providers. Training and competence assessment of employees. Incident reporting and investigation procedures. Emergency response and crisis management procedures. Construction Regulations adhered to. External (impartial) specialist safety officers employed for events.

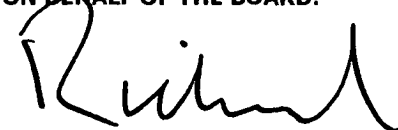
Inability to attract and retain key employees.

The Group's success is dependent on attracting and retaining the best employees. The Group People and Development function conducts regular benchmarking to ensure that staff pay and benefits are in line or better than comparable companies. The group also invests in staff training to ensure that the Group's employees get access to the right support and development.

Financial Risk: Economic and Brexit uncertainty.

Agility and flexibility exists within the business to adapt to changing market conditions. The group has excellent forward-looking suite of KPI's and analytics in operation whilst ensuring Goodwood remains business fit is a key management focus area.

#### ON BEHALF OF THE BOARD:



11th Duke of Richmond and Gordon - Director

Date: 18/9/18

# **THE GOODWOOD HOTEL LIMITED**

## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors present their report with the financial statements of the company for the year ended 31 December 2017.

### **DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2017.

### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

11th Duke of Richmond and Gordon  
Mrs Tracey Greaves

Other changes in directors holding office are as follows:

Alexander Patrick Williamson - resigned 7 June 2017  
Mr Christopher Edward James Woodgate - appointed 7 June 2017

### **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


## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2017

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### 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:



11th Duke of Richmond and Gordon - Director

Date:

18 / 1 / 18

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

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### **Opinion**

We have audited the financial statements of The Goodwood Hotel Limited (the 'company') for the year ended 31 December 2017 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 2017 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 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, 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.

### **Opinion 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

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### 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 four, 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.

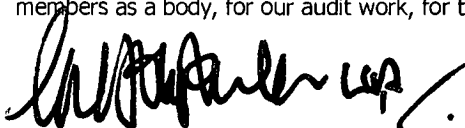
### Auditors' responsibilities for the audit of the financial statements

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](http://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: .....

25th September 2018

# THE GOODWOOD HOTEL LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
<b>TURNOVER</b>	3	8,223,613	8,100,294
Cost of sales		1,337,540	1,257,138
<b>GROSS PROFIT</b>		6,886,073	6,843,156
Administrative expenses		6,378,404	6,382,755
		507,669	460,401
Other operating income		42,823	39,864
<b>OPERATING PROFIT</b>	5	550,492	500,265
Interest payable and similar expenses	6	180	505
<b>PROFIT BEFORE TAXATION</b>		550,312	499,760
Tax on profit	7	90,709	100,128
<b>PROFIT FOR THE FINANCIAL YEAR</b>		459,603	399,632
<b>OTHER COMPREHENSIVE INCOME</b>			
Unrealised gains on property revaluation		6,401	10,275
Income tax relating to other comprehensive income		151,086	55,000
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		157,487	65,275
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		617,090	464,907


The notes form part of these financial statements

**THE GOODWOOD HOTEL LIMITED (REGISTERED NUMBER: 01326672)**

**BALANCE SHEET**  
**31 DECEMBER 2017**

	Notes	2017 £	2016 £
<b>FIXED ASSETS</b>			
Tangible assets	8	16,366,276	16,414,084
<b>CURRENT ASSETS</b>			
Stocks	9	78,070	75,547
Debtors	10	573,956	731,850
Cash in hand		3,650	4,000
		<u>655,676</u>	<u>811,397</u>
<b>CREDITORS</b>			
Amounts falling due within one year	11	<u>3,684,400</u>	<u>4,306,246</u>
<b>NET CURRENT LIABILITIES</b>		<u>(3,028,724)</u>	<u>(3,494,849)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>13,337,552</u>	<u>12,919,235</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	12	(3,447)	(17,235)
<b>PROVISIONS FOR LIABILITIES</b>	16	<u>(388,874)</u>	<u>(573,859)</u>
<b>NET ASSETS</b>		<u><u>12,945,231</u></u>	<u><u>12,328,141</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	100,000	100,000
Revaluation reserve		6,313,782	6,156,295
Retained earnings		<u>6,531,449</u>	<u>6,071,846</u>
<b>SHAREHOLDERS' FUNDS</b>		<u><u>12,945,231</u></u>	<u><u>12,328,141</u></u>

The financial statements were approved by the Board of Directors on 18/9/18 and were signed on its behalf by:

  
11th Duke of Richmond and Gordon - Director

**THE GOODWOOD HOTEL LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
<b>Balance at 1 January 2016</b>	100,000	5,672,214	6,091,020	11,863,234
<b>Changes in equity</b>				
Total comprehensive income	-	399,632	65,275	464,907
<b>Balance at 31 December 2016</b>	<u>100,000</u>	<u>6,071,846</u>	<u>6,156,295</u>	<u>12,328,141</u>
<b>Changes in equity</b>				
Total comprehensive income	-	459,603	157,487	617,090
<b>Balance at 31 December 2017</b>	<u>100,000</u>	<u>6,531,449</u>	<u>6,313,782</u>	<u>12,945,231</u>

The notes form part of these financial statements

# THE GOODWOOD HOTEL LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,351,998	700,569
Interest element of hire purchase payments paid		(180)	(505)
Tax paid		(154,924)	(73,300)
Net cash from operating activities		<u>1,196,894</u>	<u>626,764</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(287,601)	(718,340)
Sale of tangible fixed assets		-	10,400
Net cash from investing activities		<u>(287,601)</u>	<u>(707,940)</u>
<b>Cash flows from financing activities</b>			
Capital repayments in year		(13,788)	(14,040)
Net cash from financing activities		<u>(13,788)</u>	<u>(14,040)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>895,505</u>	<u>(95,216)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>(2,754,401)</u>	<u>(2,659,185)</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>(1,858,896)</u></u>	<u><u>(2,754,401)</u></u>

The notes form part of these financial statements

# THE GOODWOOD HOTEL LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

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

	2017	2016
	£	£
Profit before taxation	550,312	499,760
Depreciation charges	338,445	582,870
Loss on disposal of fixed assets	3,365	6,447
Finance costs	180	505
	<u>892,302</u>	<u>1,089,582</u>
(Increase)/decrease in stocks	(2,523)	6,257
Decrease/(increase) in trade and other debtors	157,894	(204,389)
Increase/(decrease) in trade and other creditors	<u>304,325</u>	<u>(190,881)</u>
<b>Cash generated from operations</b>	<u><u>1,351,998</u></u>	<u><u>700,569</u></u>

### 2. CASH AND CASH EQUIVALENTS

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

#### Year ended 31 December 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>

#### Year ended 31 December 2016

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

The notes form part of these financial statements

# THE GOODWOOD HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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### 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.

#### Turnover

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

#### Tangible fixed assets

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

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

Fixtures, fittings and equipment - Over 4 to 10 years

#### Stocks

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

## THE GOODWOOD HOTEL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 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.

#### 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:

	2017 £	2016 £
Hotel and restaurant	8,223,613	8,100,294
	<u>8,223,613</u>	<u>8,100,294</u>



# THE GOODWOOD HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2017

### 4. EMPLOYEES AND DIRECTORS

	2017	2016
	£	£
Wages and salaries	2,820,405	2,693,353
Social security costs	201,886	191,416
Other pension costs	39,666	34,822
	<u>3,061,957</u>	<u>2,919,591</u>

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

	2017	2016
Management and administration	5	8
Operational	165	156
	<u>170</u>	<u>164</u>

	2017	2016
	£	£
Directors' remuneration	-	-
	<u>-</u>	<u>-</u>

### 5. OPERATING PROFIT

The operating profit is stated after charging:

	2017	2016
	£	£
Hire of plant and machinery	83,413	90,918
Other operating leases	-	5,977
Depreciation - owned assets	334,308	579,768
Depreciation - assets on hire purchase contracts	4,137	3,102
Loss on disposal of fixed assets	3,365	6,447
Auditors' remuneration	9,575	13,500
Auditors' remuneration for non audit work	925	952
	<u>436,133</u>	<u>700,664</u>

### 6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Leasing	180	505
	<u>180</u>	<u>505</u>

# THE GOODWOOD HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2017

### 7. TAXATION

#### Analysis of the tax charge

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

	2017 £	2016 £
Current tax:		
UK corporation tax	123,400	153,716
Adjustment for prior years	1,208	-
Total current tax	124,608	153,716
Deferred tax	(33,899)	(53,588)
Tax on profit	90,709	100,128

UK corporation tax has been charged at 19.25% (2016 - 20%).

#### Reconciliation of total tax charge included in profit and loss

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

	2017 £	2016 £
Profit before tax	550,312	499,760
Profit multiplied by the standard rate of corporation tax in the UK of 19.250% (2016 - 20%)	105,935	99,952
Effects of:		
Expenses not deductible for tax purposes	1,302	136
Adjustments to tax charge in respect of previous periods	1,208	-
Depreciation in excess of capital allowances	16,499	53,672
Short term timing differences	(330)	(47)
Other tax adjustments	(6)	3
Deferred taxation	(33,899)	(53,588)
Total tax charge	90,709	100,128

#### Tax effects relating to effects of other comprehensive income

	2017		
	Gross £	Tax £	Net £
Unrealised gains on property revaluation	6,401	151,086	157,487
	2016		
	Gross £	Tax £	Net £
Unrealised gains on property revaluation	10,275	55,000	65,275

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

The main rate of corporation tax for 2017 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. During the year, the reversal of deferred tax is expected to decrease the corporation tax charge for the year by £33,899.

# THE GOODWOOD HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2017

### 8. TANGIBLE FIXED ASSETS

	Long leasehold £	Fixtures and fittings £	Totals £
<b>COST OR VALUATION</b>			
At 1 January 2017	14,600,000	5,373,798	19,973,798
Additions	28,599	259,002	287,601
Disposals	-	(2,060,258)	(2,060,258)
Revaluations	6,401	-	6,401
At 31 December 2017	14,635,000	3,572,542	18,207,542
<b>DEPRECIATION</b>			
At 1 January 2017	-	3,559,714	3,559,714
Charge for year	-	338,445	338,445
Eliminated on disposal	-	(2,056,893)	(2,056,893)
At 31 December 2017	-	1,841,266	1,841,266
<b>NET BOOK VALUE</b>			
At 31 December 2017	14,635,000	1,731,276	16,366,276
At 31 December 2016	14,600,000	1,814,084	16,414,084

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 2017 and taking into account the additions in the years 1st January 2015 to 31st December 2017, considered this to be £14,635,000 (2016 £14,600,000).

Cost or valuation at 31 December 2017 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
Cost	9,510,547	3,572,542	13,083,089
	14,635,000	3,572,542	18,207,542

# THE GOODWOOD HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2017

### 8. TANGIBLE FIXED ASSETS - continued

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

	Fixtures and fittings £
<b>COST OR VALUATION</b>	
At 1 January 2017 and 31 December 2017	41,364
<b>DEPRECIATION</b>	
At 1 January 2017	3,102
Charge for year	4,137
At 31 December 2017	7,239
<b>NET BOOK VALUE</b>	
At 31 December 2017	34,125
At 31 December 2016	38,262

### 9. STOCKS

	2017 £	2016 £
Stocks	78,070	75,547

### 10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade debtors	339,161	322,125
Amounts owed by group undertakings	113,708	170,528
Other debtors	439	3,838
Prepayments and accrued income	120,648	235,359
	573,956	731,850

### 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Bank loans and overdrafts (see note 13)	1,862,546	2,758,401
Hire purchase contracts (see note 14)	13,788	13,788
Trade creditors	321,770	266,759
Amounts owed to group undertakings	120,898	25,301
Tax	123,400	153,716
Social security and other taxes	260,141	239,841
Other creditors	692,575	479,952
Accruals and deferred income	289,282	368,488
	3,684,400	4,306,246

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

	2017 £	2016 £
Hire purchase contracts (see note 14)	3,447	17,235

# THE GOODWOOD HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2017

### 13. LOANS

An analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>1,862,546</u>	<u>2,758,401</u>

### 14. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2017 £	2016 £
Gross obligations repayable:		
Within one year	13,968	13,968
Between one and five years	<u>3,492</u>	<u>17,460</u>
	<u>17,460</u>	<u>31,428</u>
Finance charges repayable:		
Within one year	180	180
Between one and five years	<u>45</u>	<u>225</u>
	<u>225</u>	<u>405</u>
Net obligations repayable:		
Within one year	13,788	13,788
Between one and five years	<u>3,447</u>	<u>17,235</u>
	<u>17,235</u>	<u>31,023</u>
	Non-cancellable operating leases	
	2017 £	2016 £
Within one year	24,449	24,890
Between one and five years	<u>54,115</u>	<u>76,855</u>
	<u>78,564</u>	<u>101,745</u>

# THE GOODWOOD HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2017

### 15. SECURED DEBTS

The following secured debts are included within creditors:

	2017	2016
	£	£
Bank overdrafts	1,862,546	2,758,401
Lease purchase contracts	17,235	31,023
	<u>1,879,781</u>	<u>2,789,424</u>

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

Lease purchase contracts are secured on the assets concerned.

### 16. PROVISIONS FOR LIABILITIES

	2017	2016
	£	£
Deferred tax	<u>388,874</u>	<u>573,859</u>
		Deferred tax
		£
Balance at 1 January 2017		573,859
Accelerated capital allowances		(33,899)
Unrealised revaluation gains		<u>(151,086)</u>
Balance at 31 December 2017		<u>388,874</u>

### 17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2017	2016
Number:	Class:	Nominal value:	£	£
100,000	Ordinary shares	£1	<u>100,000</u>	<u>100,000</u>

#### Ordinary share rights

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

#### Retained earnings

Cumulative profit and loss net of distributions to owners.

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

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

## THE GOODWOOD HOTEL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 18. PENSION COMMITMENTS

##### Defined Contribution Pension Scheme

The company operates a defined contribution pension scheme on behalf of current employees. Contributions of 6 - 10% are payable by the company and 4% by the employee and are charged to profit and loss account in the period to which they relate. For the year ended 31 December 2016 the company made total employer contributions of £74,260 (2016: £63,690). There were outstanding contributions of £3,371 as at 31 December 2017 (2016: £5,084).

#### 19. ULTIMATE PARENT COMPANY

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

#### 20. GUARANTEES AND FINANCIAL COMMITMENTS

The company has given an unlimited cross guarantee to the group's bankers in respect of the revolving credit facility and overdraft facility provided to the parent company, The Goodwood Estate Company Limited. The Group has a credit facility of £9,500,000 and an overdraft limit of £5,000,000. The group's overall potential liability at 31 December 2017 was £nil (2016: £nil).

The company has used bank overdrafts of £1,963,348 (2016: £2,848,619) which is part of the group overdraft facility.

#### 21. RELATED PARTY DISCLOSURES

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

#### 22. ULTIMATE CONTROLLING PARTY

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