

The Manor House Hotel (Castle Combe) Limited

Annual Report and Financial Statements

Period Ended

29 March 2017

Company Number 02256084

THURSDAY



L6GFXALS

LD4

05/10/2017

#111

COMPANIES HOUSE

The Manor House Hotel (Castle Combe) Limited

Company Information

Directors	G Pecorelli D L E Pecorelli C Davies R M Gradon N L Luff M L Audet
Company secretary	C Davies
Registered number	02256084
Registered office	Executive Office Pennyhill Park Hotel & Spa Bagshot Surrey GU19 5EU
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU
Solicitors	Herrington and Carmichael Solicitors Waters Edge Riverside Way Watchmoor Park Camberley Surrey GU15 3YL

The Manor House Hotel (Castle Combe) Limited

Contents

	Page
Group Strategic Report	1 - 2
Directors' Report	3 - 4
Directors' Responsibilities	5
Independent Auditor's Report	6 - 7
Consolidated Statement of Comprehensive Income	8
Consolidated Statement of Financial Position	9
Company Statement of Financial Position	10
Consolidated Statement of Changes in Equity	11
Company Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13 - 14
Notes to the Financial Statements	15 - 38

The Manor House Hotel (Castle Combe) Limited

Group Strategic Report For the period ended 29 March 2017

Introduction

The directors present their report and the financial statements of The Manor House (Castle Combe) Limited for the period ended 29 March 2017.

Business review and future developments

The principal activity of the group is that of hotel, golf and spa operators.

The Exclusive Hotels and Venues group, of which The Manor House Hotel (Castle Combe) Limited is the parent company, operates at the top end of the conference, weddings and leisure market segments. With a strong focus on differentiating our offering through quality of product, service and the development of its people.

The Group continues to perform well with our focus remaining on investing in the people and the physical product. We continue to remain optimistic about revenue growth. Our key challenges are the continued pressures on wages, increases in rates, the apprentice levy and food inflation. Our sales strategy of remaining focused on both conference and leisure, means we are more robust if one segment isn't performing on a macro level, and good solid operational focus to ensure we can control costs.

As well as the addition of the Castle Inn in Castle Combe, which has 11 bedrooms, a further three bedrooms have been added to the group, two at Castle Combe where staff accommodation at Park Lane has been turned into a stunning two bedroom suite. The Granary at Pennyhill has been turned into a suite. We have also turned the loggia at Lainston into a food and beverage area.

The Spa at South Lodge continues to progress with an expected opening date of late summer 2018.

Planning has been achieved at Royal Berkshire for three extra bedrooms.

Financial key performance indicators

The Group has generated revenue of £49.2m (2016 - £47.4m) and a profit on ordinary activities before taxation of £4.1m (2016 - £4.7m). The Group's EBITDA was £9.0m for the year (2016 - £9.4m).

At the start of the year the group disposed of its interest in Mannings Heath Golf Club, realising a profit of £876k.

The directors are pleased to report that the group as a whole has seen an increase occupancy and average room rates.

The Group monitors its exposure to bank debt. The bank term debt has reduced in line with Group plans.

Principal risks and uncertainties

The Group is exposed to risks associated to economic recession such as a downturn in the general operating conditions in the UK. At the beginning of each year a strategic budget process is undertaken to plan for any key risks identified in the upcoming year. In order to mitigate any downturn, markets are continually analysed and periodic reviews take place.

The Group is also exposed to changes to industry and government regulations, including legislation on employees, environmental and health and safety. To help mitigate these risks, the directors and management take a regular review of changes to regulations.

The hotel industry is exposed to the physical risk of its property being damaged by natural disasters. The hotel has insurance policies against natural disasters.

The Manor House Hotel (Castle Combe) Limited

Group Strategic Report For the period ended 29 March 2017

Financial instruments

The group is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. Its policy is to finance working capital and fixed assets through retained earnings and through borrowings at prevailing market interest rates.

The group's exposure to the price risk of financial instruments is therefore minimal. As the counterparty to all financial instruments is its bankers, it is also exposed to minimal credit and liquidity risks in respect of these instruments. The directors do not consider any other risks attached to the use of financial instruments to be material to an assessment of its financial position or profit.

This report was approved by the board on

and signed on its behalf.



D L E Pecorelli
Director

28th September 17

The Manor House Hotel (Castle Combe) Limited

Directors' Report For the period ended 29 March 2017

The directors present their report and the financial statements for the period ended 29 March 2017.

Principal activity

The principal activity of the group during the period was that of hotel, spa and golf club operators.

Business review

A review of the business, its principal risks and uncertainties and future developments is set out in the strategic report on page 1 of these financial statements.

Results and dividends

The profit for the period, after taxation, amounted to £3,207,608 (2016: £3,662,873).

Dividends paid during the year totalled £450,000 (2016: £450,000).

Directors

The directors who served during the period were:

G Pecorelli
D L E Pecorelli
C Davies
R M Gradon
N L Luff
N Pecorelli (resigned 21 November 2016)
M L Audet (appointed 21 November 2016)

Charitable contributions

During the period, the company and its subsidiaries made charitable donations of £570 (2016: £6,295).

Environment

We continue to be exceptionally focused on respecting our environment. Our zero direct to landfill policy is a key focus for us, and in all major decisions the environmental impact is discussed.

Land and buildings

The directors continue to report historical asset valuations in these accounts. The directors are confident that the current market value of the group's hotels and other fixed assets is in excess of £140m.

Financial instruments

Details of the group's financial instruments are included in the strategic report.

Employee consultation

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

The Manor House Hotel (Castle Combe) Limited

Directors' Report (continued) For the period ended 29 March 2017

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events


There have been no significant events affecting the company since the year end.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on

and signed on its behalf.



28th September 17

D L E Pecorelli
Director

The Manor House Hotel (Castle Combe) Limited

Directors' Responsibilities For the period ended 29 March 2017

The directors are responsible for preparing the strategic report, the directors' report 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 group and company 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 the Group and Company and of the profit or loss of the Group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

The Manor House Hotel (Castle Combe) Limited

Independent Auditor's report to the members of The Manor House Hotel (Castle Combe) Limited

We have audited the financial statements of Manor House Hotel (Castle Combe) Limited for the period ended 29 March 2017 which comprise the consolidated Statement of Comprehensive Income, the consolidated and company Statement of Financial Position, the consolidated and company Statement of Changes in Equity, the consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 29 March 2017 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other 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 directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

The Manor House Hotel (Castle Combe) Limited

Independent Auditor's report to the members of The Manor House Hotel (Castle Combe) Limited (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

BDO LLP

Stuart Collins (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date: 28 September 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

The Manor House Hotel (Castle Combe) Limited

Consolidated Statement of Comprehensive Income For the period ended 29 March 2017

	Note	2017 £	2016 £
Turnover			
Group and share of joint ventures' turnover		49,225,535	48,245,380
Less: share of joint ventures' turnover		-	(843,780)
Group turnover	4	49,225,535	47,401,600
Cost of sales		(8,610,722)	(7,857,492)
Gross profit		40,614,813	39,544,108
Administrative expenses		(36,685,778)	(34,067,693)
Other operating income	5	-	92,000
Operating profit	6	3,929,035	5,568,415
Share of loss of joint venture		(25)	(27,543)
Total operating profit		3,929,010	5,540,872
Profit on disposal of joint venture		876,117	-
Interest receivable and similar income	9	11,080	116,449
Interest payable and expenses	10	(718,968)	(999,738)
Profit before taxation		4,097,239	4,657,583
Tax on profit	11	(889,631)	(994,710)
Profit for the financial period		3,207,608	3,662,873
Total comprehensive income for the period attributable to:			
Owners of the parent Company		3,207,608	3,662,873
		3,207,608	3,662,873

All amounts relate to continuing operations.

There was no other comprehensive income for 2017 (2016: £NIL).

The notes on pages 15 to 38 form part of these financial statements.

The Manor House Hotel (Castle Combe) Limited

Registered number: 02256084

Consolidated Statement of Financial Position As at 29 March 2017

	Note	29 March 2017 £	30 March 2016 £
Fixed assets			
Intangible assets	13	758,429	975,096
Tangible assets	14	80,789,419	79,403,925
Investments	15	-	848,323
		<u>81,547,848</u>	<u>81,227,344</u>
Current assets			
Stocks	17	491,399	332,952
Debtors: amounts falling due after more than one year	18	-	161,825
Debtors: amounts falling due within one year	18	3,757,005	3,382,077
Cash at bank and in hand	19	3,624,143	2,129,049
		<u>7,872,547</u>	<u>6,005,903</u>
Creditors: amounts falling due within one year	20	(16,628,192)	(30,584,590)
Net current liabilities		<u>(8,755,645)</u>	<u>(24,578,687)</u>
Total assets less current liabilities		<u>72,792,203</u>	<u>56,648,657</u>
Creditors: amounts falling due after more than one year	21	(33,565,455)	(20,157,772)
Provisions for liabilities			
Deferred taxation	18,25	-	(22,158)
Other provisions	26	(413)	-
Net assets		<u><u>39,226,335</u></u>	<u><u>36,468,727</u></u>
Capital and reserves			
Called up share capital	27	15,000,000	15,000,000
Profit and loss account	28	24,226,335	21,468,727
		<u><u>39,226,335</u></u>	<u><u>36,468,727</u></u>

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



D L E Pecorelli
Director

28th September 17

The notes on pages 15 to 38 form part of these financial statements.

The Manor House Hotel (Castle Combe) Limited


Registered number: 02256084

Company Statement of Financial Position As at 29 March 2017

		29 March 2017 £	30 March 2016 £
	Note		
Fixed assets			
Tangible assets	14	12,791,353	10,712,256
Investments	15	21,845,116	22,822,476
		<u>34,636,469</u>	<u>33,534,732</u>
Current assets			
Stocks	17	106,789	92,361
Debtors: amounts falling due after more than one year	18	13,729,569	12,658,711
Debtors: amounts falling due within one year	18	704,143	358,077
Cash at bank and in hand	19	292,011	3,980
		<u>14,832,512</u>	<u>13,113,129</u>
Creditors: amounts falling due within one year	20	(1,998,786)	(1,863,804)
Net current assets		<u>12,833,726</u>	<u>11,249,325</u>
Total assets less current liabilities		<u>47,470,195</u>	<u>44,784,057</u>
Creditors: amounts falling due after more than one year	21	(22,171,710)	(21,512,283)
Net assets		<u><u>25,298,485</u></u>	<u><u>23,271,774</u></u>
Capital and reserves			
Called up share capital	27	15,000,000	15,000,000
Profit and loss account	28	10,298,485	8,271,774
		<u><u>25,298,485</u></u>	<u><u>23,271,774</u></u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the period was £2,445,431 (2016 - £2,016,277).

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

 28th September 17

D L E Pecorelli
Director

The notes on pages 15 to 38 form part of these financial statements.

The Manor House Hotel (Castle Combe) Limited

Consolidated Statement of Changes in Equity For the period ended 29 March 2017

	Called up share capital £	Profit and loss account £	Total equity £
At 31 March 2016	15,000,000	21,468,727	36,468,727
Comprehensive income for the period			
Profit for the period	-	3,207,608	3,207,608
Total comprehensive income for the period	-	3,207,608	3,207,608
Contributions by and distributions to owners			
Dividends	-	(450,000)	(450,000)
Total transactions with owners	-	(450,000)	(450,000)
At 29 March 2017	15,000,000	24,226,335	39,226,335

Consolidated Statement of Changes in Equity For the period ended 30 March 2016

	Called up share capital £	Profit and loss account £	Total equity £
At 2 April 2015	15,000,000	18,255,854	33,255,854
Comprehensive income for the period			
Profit for the period	-	3,662,873	3,662,873
Total comprehensive income for the period	-	3,662,873	3,662,873
Contributions by and distributions to owners			
Dividends	-	(450,000)	(450,000)
Total transactions with owners	-	(450,000)	(450,000)
At 30 March 2016	15,000,000	21,468,727	36,468,727

The notes on pages 15 to 38 form part of these financial statements.

The Manor House Hotel (Castle Combe) Limited

Company Statement of Changes in Equity For the period ended 29 March 2017

	Called up share capital £	Profit and loss account £	Total equity £
At 31 March 2016	15,000,000	8,271,774	23,271,774
Comprehensive income for the period			
Profit for the period	-	2,445,431	2,445,431
	-	2,445,431	2,445,431
Total comprehensive income for the period			
Contributions by and distributions to owners			
Dividends	-	(450,000)	(450,000)
Capital contribution	-	31,280	31,280
	-	(418,720)	(418,720)
Total transactions with owners			
At 29 March 2017	15,000,000	10,298,485	25,298,485

Company Statement of Changes in Equity For the period ended 30 March 2016

	Called up share capital £	Profit and loss account £	Total equity £
At 2 April 2015	15,000,000	6,705,497	21,705,497
Comprehensive income for the period			
Profit for the period	-	2,016,277	2,016,277
	-	2,016,277	2,016,277
Total comprehensive income for the period			
Contributions by and distributions to owners			
Dividends	-	(450,000)	(450,000)
	-	(450,000)	(450,000)
Total transactions with owners			
At 30 March 2016	15,000,000	8,271,774	23,271,774

The notes on pages 15 to 38 form part of these financial statements.

The Manor House Hotel (Castle Combe) Limited

Consolidated Statement of Cash Flows For the period ended 29 March 2017

	29 March 2017 £	30 March 2016 £
Cash flows from operating activities		
Profit for the financial period	3,207,608	3,662,873
Adjustments for:		
Amortisation of intangible assets	216,667	216,667
Depreciation of tangible assets	4,832,784	3,665,649
Profit on disposal of joint venture	(876,117)	-
Net interest payable	713,729	999,738
Taxation charge	889,631	994,710
Increase in stocks	(158,447)	(10,621)
Increase in debtors	(195,479)	(82,474)
Increase in creditors	1,878,414	883,695
Net fair value gains	(5,841)	(116,449)
Share of (profit)/loss in joint ventures	(887)	27,543
Corporation tax (paid)	(1,495,144)	(1,248,236)
Net cash generated from operating activities	9,006,918	8,993,095
Cash flows from investing activities		
Purchase of tangible fixed assets	(5,775,053)	(4,919,475)
Sale of investment	1,729,932	-
HP interest paid	(10,509)	(8,753)
Net cash from investing activities	(4,055,630)	(4,928,228)

The Manor House Hotel (Castle Combe) Limited

Consolidated Statement of Cash Flows (continued) For the period ended 29 March 2017

	29 March 2017 £	30 March 2016 £
Cash flows from financing activities		
Repayment of loans	(1,450,000)	(2,365,000)
Finance costs paid	(186,090)	(70,000)
Repayment of/new finance leases	(70,252)	(40,758)
Dividends paid	(450,000)	(450,000)
Interest paid	(628,027)	(907,666)
Net cash used in financing activities	<u>(2,784,369)</u>	<u>(3,833,424)</u>
Net increase in cash and cash equivalents	2,166,919	231,443
Cash and cash equivalents at beginning of period	425,124	193,682
Cash and cash equivalents at the end of period	<u><u>2,592,043</u></u>	<u><u>425,125</u></u>
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	3,624,143	2,129,049
Bank overdrafts	(1,032,100)	(1,703,924)
	<u><u>2,592,043</u></u>	<u><u>425,125</u></u>

The notes on pages 15 to 38 form part of these financial statements.

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2017

1. General information

The Manor House Hotel (Castle Combe) Limited is a private company incorporated in England and Wales under the Companies Act. It is a company limited by shares. The address of the registered office is given on the company information page and the nature of the company's operations and principal activities are given in the directors' report and strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The group's business activities, the nature of its operations, future outlook and financial instruments are set out within the strategic report and directors' report which can be seen on pages 1 to 3. The financial position of the group can be seen within the consolidated statement of financial position, with the cash flows described within the consolidated cash flow statement.

The group reports net current liabilities of £8,755,645 (2016: £24,578,687). The bank loan repayable in May 2016 of £14,699,819 was refinanced in May 2016 (see note 21) and future cashflows are expected to comfortably allow for the payment of all liabilities as they fall due. On this basis, the directors are satisfied that it is appropriate to prepare the financial statements of the group and the company on a going concern basis.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102.

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2017

2. Accounting policies (continued)

2.3 Joint ventures

An entity is treated as a joint venture where the group is a party to a contractual agreement with one or more parties from outside the group to undertake an economic activity that is subject to joint control.

In the consolidated accounts, interests in joint ventures are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the joint venture. The consolidated statement of comprehensive income includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the group. In the consolidated statement of financial position, the interests in joint ventures are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

2.4 Turnover

Turnover represents amounts receivable for accommodation, food and beverage sales and ancillary hotel services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Spa and golf membership subscriptions paid in advance are held as deferred income and recognised over the period to which they relate. Turnover is recognised at the point at which goods and services are delivered to the customer.

2.5 Intangible assets

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

2.6 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	-	12.5% reducing balance
Fixtures, fittings & equipment	-	20% straight line
Computer & IT	-	33.3% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

Freehold land and buildings are maintained to ensure that their value does not diminish over time and maintenance costs are charged to the statement of comprehensive income in the period incurred. In the directors' opinion, the high level of maintenance ensures that the residual value of the buildings is such that depreciation would be immaterial and consequently has not been charged. The buildings are reviewed for impairment at the end of each reporting period.

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2017

2. Accounting policies (continued)

2.7 Leasing and hire purchase

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.8 Valuation of investments

- (i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Joint venture undertakings - group**
Investments in joint ventures are stated at the group's share of net assets. The company's share of the profits or losses of the joint ventures is included in the statement of comprehensive income using the equity accounting basis.
- (iii) **Joint venture undertakings - company**
Investments in joint ventures are stated at cost less provision for impairment.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of comprehensive income.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

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

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2017

2. Accounting policies (continued)

2.12 Financial instruments

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

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

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

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

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

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, being interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in statement of comprehensive income in finance costs or income as appropriate. The group does not currently apply hedge accounting for interest rate derivatives.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Finance costs

Finance costs are charged to the consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2017

2. Accounting policies (continued)

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.16 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.17 Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

2.18 Borrowing costs

All borrowing costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2017

2. Accounting policies (continued)

2.20 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2017

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- In the company's accounts, interest is imputed on the company's long term intercompany and shareholder loans. Factors taken into account in reaching the imputed interest rate include the company's cost of external borrowing and the terms and conditions of the loans. The shareholder loan is also relevant to the consolidated accounts..

Other key sources of estimation uncertainty

- **Tangible fixed assets** (see note 14)
Tangible fixed assets, other than investments properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- **Intangible fixed assets** (see note 13)
Intangible fixed assets are being amortised over the directors' estimate of its useful life. These estimates are based on a variety of factors such as the expected use of the intangible, the expected useful life of the cash generating units to which the intangible is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

4. Turnover

The whole of the turnover is attributable to the principal activity of the group.

All turnover arose within the United Kingdom.

5. Other operating income

	2017 £	2016 £
Other operating income	-	92,000
	<u>-</u>	<u>92,000</u>

Other operating income represents management fees charged by the group to its joint venture, Mannings Heath Golf Club Limited, which was sold at the beginning of the period.

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2017

6. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	4,832,784	3,665,649
Amortisation of intangible assets, including goodwill	216,667	216,667
Fees payable to the Group's auditor for the audit of the Company's annual financial statements	8,500	8,500
Fees payable to the Group's auditors for other services to the group:		
The auditing of accounts of subsidiary companies pursuant to legislation	48,500	49,500
The auditing of accounts of associated companies pursuant to legislation	1,000	7,500
Other services relating to taxation	30,025	28,500
Other services	17,000	17,000
Defined contribution pension cost	391,672	418,009
	<u> </u>	<u> </u>

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2017 £	2016 £
Group		
Wages and salaries	17,904,412	17,163,344
Social security costs	1,282,638	1,261,983
Cost of defined contribution pension scheme	391,672	418,009
	<u> </u>	<u> </u>
	19,578,722	18,843,336
	<u> </u>	<u> </u>

The average monthly number of employees, including the directors, during the period was as follows:

	2017 No.	2016 No.
Direct labour, operatives and administration	665	674
Management	80	92
	<u> </u>	<u> </u>
	745	766
	<u> </u>	<u> </u>

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2017

7. Employees (continued)

Staff costs, including directors' remuneration, were as follows:

	29 March 2017 £	30 March 2016 £
Company		
Wages and salaries	2,355,743	2,290,324
Social security costs	172,995	147,899
Cost of defined contribution pension scheme	164,083	125,925
	<u>2,692,821</u>	<u>2,564,148</u>

The average monthly number of employees, including the directors, during the period was as follows:

	29 March 2017 No.	30 March 2016 No.
Direct labour, operatives and administration	109	99
Management	19	12
	<u>128</u>	<u>111</u>

8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	542,500	506,890
Social security costs	88,309	63,951
Company contributions to defined contribution pension schemes	110,000	85,000
	<u>740,809</u>	<u>655,841</u>

During the period retirement benefits were accruing to 3 directors (2016 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £282,707 (2016 - £282,517).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,000 (2016 - £40,000).

The directors are considered to be key management of the company.

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2017

9. Interest receivable

	2017 £	2016 £
Interest rate swap fair value adjustment	5,841	116,449
Other interest receivable	5,239	-
	<u>11,080</u>	<u>116,449</u>

10. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	654,757	918,014
Other loan interest payable	8,484	1,260
Amortisation of finance costs	37,218	33,049
Share of joint ventures	-	30,662
Finance leases and hire purchase contracts	10,509	8,753
Interest on shareholder's loan	8,000	8,000
	<u>718,968</u>	<u>999,738</u>

11. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	1,250,116	1,142,999
Adjustments in respect of previous periods	9,206	(18,140)
Joint venture taxation	(912)	-
Total current tax	<u>1,258,410</u>	<u>1,124,859</u>
Deferred tax		
Origination and reversal of timing differences	(377,629)	(108,829)
Changes to tax rates	(1,859)	(14,620)
Adjustments in respect of prior periods	10,709	(6,700)
Total deferred tax	<u>(368,779)</u>	<u>(130,149)</u>
Taxation on profit on ordinary activities	<u>889,631</u>	<u>994,710</u>

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2017

11. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>4,097,239</u>	<u>4,657,583</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	819,448	931,517
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	160,903	147,543
Non-taxable profit on disposal of fixed asset investments	(86,796)	-
Adjustments to tax charge in respect of prior periods	9,206	(18,140)
Adjustments to deferred tax charge in respect of prior periods	10,709	(6,700)
Other timing differences leading to a decrease in taxation	-	(36,220)
Non-taxable income	(29,821)	(23,290)
Unrelieved loss on disposal of operation	5,054	-
Deferred tax not recognised	928	-
Total tax charge for the period	<u><u>889,631</u></u>	<u><u>994,710</u></u>

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 on 26 October 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

12. Dividends

	29 March 2017 £	30 March 2016 £
Dividends paid on ordinary shares	<u><u>450,000</u></u>	<u><u>450,000</u></u>

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2017

13. Intangible assets

Group and Company

	Patents and trademarks £	Goodwill £	Total £
Cost			
At 31 March 2016	99	3,250,000	3,250,099
At 29 March 2017	99	3,250,000	3,250,099
Amortisation			
At 31 March 2016	-	2,275,003	2,275,003
Charge for the year	-	216,667	216,667
At 29 March 2017	-	2,491,670	2,491,670
Net book value			
At 29 March 2017	99	758,330	758,429
At 30 March 2016	99	974,997	975,096

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2017

14. Tangible fixed assets

Group

	Freehold property £	Plant & machinery £	Fixtures, fittings and equipment £	Computer equipment £	Assets under construct'n £	Total £
Cost or valuation						
At 31 March 2016	66,232,765	23,331,894	30,468,393	1,021,120	-	121,054,172
Additions	2,249,916	606,593	1,388,778	368,383	1,616,420	6,230,090
Disposals	-	(24,801)	-	-	-	(24,801)
At 29 March 2017	68,482,681	23,913,686	31,857,171	1,389,503	1,616,420	127,259,461
Depreciation						
At 31 March 2016	-	14,677,287	26,486,997	485,963	-	41,650,247
Charge for the period	-	2,903,766	1,562,719	366,299	-	4,832,784
Disposals	-	(12,989)	-	-	-	(12,989)
At 29 March 2017	-	17,568,064	28,049,716	852,262	-	46,470,042
Net book value						
At 29 March 2017	68,482,681	6,345,622	3,807,455	537,241	1,616,420	80,789,419
At 30 March 2016	66,232,765	8,654,607	3,981,396	535,157	-	79,403,925

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	29 March 2017 £	30 March 2016 £
Plant and machinery	212,991	217,437
	<u>212,991</u>	<u>217,437</u>

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2017

14. Tangible fixed assets (continued)

Company

	Freehold property £	Plant & machinery £	Fixtures & fittings £	Computer equipment £	Total £
Cost or valuation					
At 31 March 2016	9,330,276	1,957,808	4,806,029	90,897	16,185,010
Additions	1,834,829	85,100	565,856	19,225	2,505,010
At 29 March 2017	11,165,105	2,042,908	5,371,885	110,122	18,690,020
Depreciation					
At 31 March 2016	-	1,034,483	4,387,156	51,115	5,472,754
Charge for the period	-	252,288	142,954	30,671	425,913
At 29 March 2017	-	1,286,771	4,530,110	81,786	5,898,667
Net book value					
At 29 March 2017	11,165,105	756,137	841,775	28,336	12,791,353
At 30 March 2016	9,330,276	923,325	418,873	39,782	10,712,256

3

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2017

15. Fixed asset investments

Group

	Investment in joint ventures £
Cost	
At 31 March 2016	848,323
Disposals	(849,623)
Amounts written off	413
Share of profit/(loss)	887
At 29 March 2017	<u>-</u>
Net book value	
At 29 March 2017	<u>-</u>
At 30 March 2016	<u><u>848,323</u></u>

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2017

15. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £	Investment in joint ventures £	Total £
Cost or valuation			
At 31 March 2016	21,822,476	2,397,014	24,219,490
Additions	22,640	-	22,640
Disposals	-	(2,397,014)	(2,397,014)
At 29 March 2017	<u>21,845,116</u>	<u>-</u>	<u>21,845,116</u>
Impairment			
At 31 March 2016	-	1,397,014	1,397,014
Impairment on disposals	-	(1,397,014)	(1,397,014)
At 29 March 2017	<u>-</u>	<u>-</u>	<u>-</u>
Net book value			
At 29 March 2017	<u>21,845,116</u>	<u>-</u>	<u>21,845,116</u>
At 30 March 2016	<u>21,822,476</u>	<u>1,000,000</u>	<u>22,822,476</u>

A list of subsidiary undertakings and joint ventures is shown in note 16.

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2017

16. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Pennyhill Park Limited	Ordinary	100 %	Hotel operation
Lainston House Limited	Ordinary	100 %	Hotel operation
South Lodge Limited	Ordinary	100 %	Hotel operation
Fanhams Hall Hotel Limited	Ordinary	100 %	Hotel operation
Exclusive Hotel Management Limited	Ordinary	100 %	Hotel management
Royal Berkshire Hotel Limited	Ordinary	100 %	Hotel operation

The registered office address for each of the above subsidiaries is the same as for the parent company. The address is shown on the information page of these financial statements.

Participating interests

Joint ventures

Name	Country of incorporation	Class of shares	Holding	Principal activity
Slinger Limited	England	Ordinary	50 %	Property ownership

17. Stocks

	Group 29 March 2017 £	Group 30 March 2016 £	Company 29 March 2017 £	Company 30 March 2016 £
Finished goods and goods for resale	491,399	332,952	106,789	92,361
	<u>491,399</u>	<u>332,952</u>	<u>106,789</u>	<u>92,361</u>

Stocks are valued at cost on a first in, first out basis. The replacement cost of stocks at 29 March 2017 and 30 March 2016 was not materially different from the amount at which they are included in the accounts.

No stock was impaired or written off in the current or previous period.

Stock recognised in cost of sales during the period as an expense was £5,686,323 (2016: £5,321,315).

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2017

18. Debtors

	Group 29 March 2017 £	Group 30 March 2016 £	Company 29 March 2017 £	Company 30 March 2016 £
Due after more than one year				
Amounts owed by group undertakings	-	-	13,729,569	12,550,211
Due from participating interests	-	161,825	-	108,500
	<u>-</u>	<u>161,825</u>	<u>13,729,569</u>	<u>12,658,711</u>

The intercompany loans are interest free and are repayable on a rolling 366 day basis. The loans are carried at amortised cost using an imputed rate of 4%.

	Group 29 March 2017 £	Group 30 March 2016 £	Company 29 March 2017 £	Company 30 March 2016 £
Due within one year				
Trade debtors	1,779,555	1,704,031	94,306	47,983
Amounts owed by participating interests	336,632	-	283,307	-
Other debtors	906,792	1,208,446	213,139	237,797
Prepayments and accrued income	387,405	469,600	32,999	32,059
Deferred taxation	346,621	-	80,392	40,238
	<u>3,757,005</u>	<u>3,382,077</u>	<u>704,143</u>	<u>358,077</u>

The impairment loss in respect of trade debtors recognised in the consolidated statement of comprehensive income was £16,406 (2016: £16,333). No impairment loss was recognised in the current and prior year in the company.

19. Cash and cash equivalents

	Group 29 March 2017 £	Group 30 March 2016 £	Company 29 March 2017 £	Company 30 March 2016 £
Cash at bank and in hand	3,624,143	2,129,049	292,011	3,980
Less: bank overdrafts	(1,032,100)	(1,703,924)	-	(554,818)
	<u>2,592,043</u>	<u>425,125</u>	<u>292,011</u>	<u>(550,838)</u>

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2017

20. Creditors: Amounts falling due within one year

	Group 29 March 2017 £	Group 30 March 2016 £	Company 29 March 2017 £	Company 30 March 2016 £
Bank overdrafts	1,032,100	1,703,924	-	554,818
Bank loans	1,250,000	15,949,819	-	-
Other loans	93,680	-	93,680	-
Trade creditors	2,092,881	2,405,672	289,430	270,139
Corporation tax	310,164	546,899	-	-
Other taxation and social security	1,761,785	1,342,419	218,903	50,586
Obligations under finance lease and hire purchase contracts	79,002	31,448	17,418	24,504
Other creditors	2,267,953	2,065,649	232,572	205,632
Accruals and deferred income	7,720,378	6,512,670	1,146,783	758,125
Financial instruments	20,249	26,090	-	-
	<u>16,628,192</u>	<u>30,584,590</u>	<u>1,998,786</u>	<u>1,863,804</u>

The company is party to a cross guarantee for overdraft positions in Lainston House Limited and Pennyhill Park Limited. At the period end, the maximum exposure of the company was £127K (2016: £1,150K).

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2017

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

	Group 29 March 2017 £	Group 30 March 2016 £	Company 29 March 2017 £	Company 30 March 2016 £
Bank loans	28,425,946	15,125,000	-	-
Other loans (see note 30)	5,017,017	4,817,274	5,017,017	4,817,274
Net obligations under finance leases and hire purchase contracts	122,492	215,498	11,787	16,137
Amounts owed to group undertakings	-	-	17,142,906	16,678,872
	<u>33,565,455</u>	<u>20,157,772</u>	<u>22,171,710</u>	<u>21,512,283</u>

As at 29 March 2017, the group had two bank loans:

One loan, with a balance of £15.1 million (2016: £16.4 million), is repayable in semi-annual instalments with a final repayment date no later than 30 September 2025. The loan incurs interest at a floating rate of LIBOR plus a margin of 1-1.25% per annum.

This bank loan is secured by a mortgage debenture incorporating a fixed and floating charge over all of Pennyhill Park Limited's assets, including a first legal mortgage over its freehold property.

The second loan, with a balance of £14.7 million (2016: £14.7 million) is repayable in quarterly instalments commencing in June 2018, with the remaining balance being repayable in May 2021. Through interest rate swaps, £7 million of this loan incurs interest at a fixed rate of 1.97% plus a variable margin of between 1.875% and 2.5% per annum. The remainder of the loan incurs interest at a floating rate of LIBOR plus a variable margin of between 1.875% and 2.5% per annum.

This loan is secured by a cross guaranteed mortgage debenture, incorporating a fixed and floating charge over all of the assets, including a first legal mortgage over freehold land and property of the following group companies: Exclusive Hotel Management Limited, Fanhams Hall Limited, Royal Berkshire Limited and South Lodge Limited.

The intercompany loans are interest free and are repayable on a rolling 366 day basis. The loans are carried at amortised cost using an imputed rate of 4%.

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2017

22. Loans

Analysis of the maturity of the loans as given below:

	Group 29 March 2017 £	Group 30 March 2016 £	Company 29 March 2017 £	Company 30 March 2016 £
Amounts falling due within one year				
Bank loans	1,250,000	15,949,819	-	-
Other loans	93,680	-	93,680	-
Amounts falling due 1-2 years				
Bank loans	750,000	-	-	-
Other loans	4,723,005	4,817,274	4,723,005	4,817,274
Amounts falling due 2-5 years				
Bank loans	18,800,945	5,000,000	-	-
Other loans	294,012	-	294,012	-
Amounts falling due after more than 5 years				
Bank loans	8,875,000	10,125,000	-	-
	<u>34,786,642</u>	<u>35,892,093</u>	<u>5,110,697</u>	<u>4,817,274</u>

23. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 29 March 2017 £	Group 30 March 2016 £	Company 29 March 2017 £	Company 30 March 2016 £
Within one year	79,002	31,447	17,418	24,503
Between 1-2 years	77,214	22,902	11,002	15,958
Between 2-5 years	45,278	192,597	785	-
	<u>201,494</u>	<u>246,946</u>	<u>29,205</u>	<u>40,461</u>

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2017

24. Financial instruments

	Group 29 March 2017 £	Group 30 March 2016 £	Company 29 March 2017 £	Company 30 March 2016 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	6,043,803	5,230,682	14,553,574	12,948,471
	<u>6,043,803</u>	<u>5,230,682</u>	<u>14,553,574</u>	<u>12,948,471</u>
Financial liabilities				
Other financial liabilities measured at fair value through profit or loss	(20,249)	(26,090)	-	-
Financial liabilities measured at amortised cost	(42,387,792)	(43,579,977)	(22,867,810)	(27,715,678)
	<u>(42,408,041)</u>	<u>(43,606,067)</u>	<u>(22,867,810)</u>	<u>(27,715,678)</u>

Financial assets that are debt instruments measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors and amounts due from joint ventures. The company figures also include amounts due from group undertakings.

Financial liabilities measured at fair value through profit or loss comprise interest rate swap contracts.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and borrowings. The company figures also include amounts due to group undertakings.

25. Deferred taxation

Group

	2017 £	2016 £
At beginning of year	(22,158)	(152,307)
Charged to profit or loss	368,779	130,149
At end of year	<u>346,621</u>	<u>(22,158)</u>

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2017

25. Deferred taxation (continued)

Company

	2017 £	2016 £
At beginning of year	40,238	28,122
Charged to profit or loss	40,154	12,116
At end of year	80,392	40,238

	Group 29 March 2017 £	Group 30 March 2016 £	Company 29 March 2017 £	Company 30 March 2016 £
Accelerated capital allowances	346,621	(22,158)	80,392	40,238
	346,621	(22,158)	80,392	40,238

26. Provisions

Group

	Provision for losses in joint venture £
At 31 March 2016	-
Charged to profit or loss	413
At 29 March 2017	413

27. Share capital

	29 March 2017 £	30 March 2016 £
Shares classified as equity		
Allotted, called up and fully paid		
15,000,000 Ordinary shares of £1 each	15,000,000	15,000,000

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2017

28. Reserves

The group has the following reserves:

Profit & loss account

The profit and loss account represents cumulative profits and losses net of dividends paid and other adjustments.

29. Capital commitments

The Group has capital commitments of £10.3 million (2016: £nil) which were contracted for but not provided for.

30. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £391,672 (2016: £418,009). Contributions totalling £12,116 (2016: £6,392) were payable to the fund at the reporting date and are included within creditors.

31. Related party transactions

The company has taken advantage of the exemption allowed under FRS 102 s33.1A not to disclose transactions with other members of the group.

Included in other creditors due after more than one year is a loan from a director and shareholder, G Pecorelli, of £4,617,274 (2016: £4,817,274), £200,000 (2016: £200,000) was repaid in the year. The loan is interest free and is not due for repayment until after 1 April 2018.

Included within other creditors (split between balances due within one year and due over one year) is a loan from The Pecorelli Pension Scheme of £484,703 (2016: £nil). The loan is interest bearing and repayable in monthly instalments of which the final repayment is due in January 2022.

In the year a dividend was paid to shareholders of £450,000 (2016: £450,000).

32. Controlling party

Mr G Pecorelli, a director of the company, and his family control 100% of the issued share capital.