

The Manor House Hotel (Castle Combe) Limited

Annual Report and Financial Statements

Period Ended

31 March 2019

Company Number 02256084



The Manor House Hotel (Castle Combe) Limited

Company Information

Directors

G Pecorelli
D L E Pecorelli
C Davies
R M Gradon
N L Luff
G P Pecorelli

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

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The Manor House Hotel (Castle Combe) Limited

Group Strategic Report For the period ended 31 March 2019

Introduction

The directors present their report and the financial statements of The Manor House (Castle Combe) Limited for the period ended 31st March 2019.

Business review and future developments

The principal activity of the Group is that of hotel, golf and spa operators. The Group's hotel properties consist of Pennyhill Park, South Lodge, Lainston House, Manor House Hotel, Royal Berkshire Hotel and Fanhams Hall. Each of the properties has its own identity and brand. Collectively, the Group operates under the brand, 'Exclusive Collection'.

The Exclusive Collection is positioned at the top end of the conference, wedding and leisure market segments. We differentiate our offering through the quality of our hotels and facilities, and through the high level of service we provide. We continue to invest in the physical infrastructure of the business and in March 2019 we opened a new spa at South Lodge. Occupying 44,000 sq. ft. this luxury spa has a state-of-the-art gym and spin studio, an indoor pool, an outdoor hydrotherapy pool and a wild swimming pool, a thermal suite, 14 treatment rooms, a bar and Botanica, our Mediterranean inspired restaurant.

The development of our people remains a key focus as we seek to meet and exceed the expectations of our guests. We invest in training for all staff, including operating a chefs' academy, utilising our own cookery school at Lainston House. Between them, our hotels have 13 AA rosettes, recognition of the service we offer, and two of our restaurants have been recognised with Michelin stars.

With two spas, a golf course and the cookery school, we have a range of attractive leisure offerings across our properties. As well as attracting guests to stay at our hotels, these facilities are also enabling us to develop membership models for daily visitors.

Financial key performance indicators

Our financial performance remains strong. We again generated sales of over £50m. Although average occupancy was 2% lower than the prior period, our average room rate continued to increase and was up 6%.

We achieved an operating profit of close to £4m, despite having to absorb some pre-opening expenses for the new spa at South Lodge. There is upward pressure on costs, including from higher commission payments to online travel agents, and from higher staff costs. However, we were able to keep our total costs below those of the prior period through careful cost management. This was helped by a small improvement in staff retention.

With earnings before interest, tax, depreciation and amortisation (EBITDA) of close to £8m, we generated cash to allow continued investment in the business. In addition, we drew down on an additional bank loan facility to part fund the expenditure on the spa at South Lodge.

We own the freehold of all six of our hotel properties, giving us a strong balance sheet position. Total bank loans of £36m are well supported by the value of our assets.

The Manor House Hotel (Castle Combe) Limited

Group Strategic Report (continued) For the period ended 31 March 2019

Principal risks and uncertainties

The Group is exposed to a downturn in demand for hotel stays, due to an economic recession or for other reasons. We seek to mitigate this risk by targeting different market segments, including the conference market, the leisure market and weddings.

We are also exposed to changes in regulation, including legislation relating to employment, the environment and health and safety. The board regularly reviews changes in regulations, ensuring we have in place appropriate processes to maintain compliance, and adapting our business model as necessary.

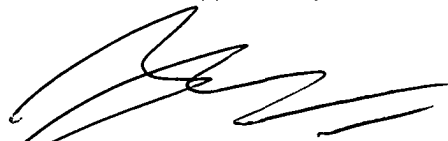
The Group is also exposed to weather events and natural disasters that can impact our properties. We carry insurance policies to mitigate some of these risks.

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 26th September 2019 and signed on its behalf.



D L E Pecorelli
Director

The Manor House Hotel (Castle Combe) Limited

Directors' Report For the period ended 31 March 2019

The directors present their report and the financial statements for the period ended 31 March 2019.

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 £2,246,848 (2018 - £2,476,982).

Dividends paid during the period totalled £450,000 (2018 - £450,000).

Directors

The directors who served during the period were:

G Pecorelli (President)
D L E Pecorelli (Managing Director)
C Davies (Finance Director)
R M Gradon
N L Luff (Acting Chairman)
M L Audet (resigned 24 September 2018)
G P Pecorelli (appointed 24 September 2018)

Charitable contributions

During the period, the company and its subsidiaries made charitable donations of £7,498 (2018 - £5,120).

Environmental matters

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.

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.

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.

The Manor House Hotel (Castle Combe) Limited

Directors' Report (continued) For the period ended 31 March 2019

Going concern

The Group reports net current liabilities of £12,127,807 (2018 - £9,426,908) 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.

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 reporting date 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 26th September 2019 and signed on its behalf.



D. E. Pecorelli
Director

The Manor House Hotel (Castle Combe) Limited

Directors' Responsibilities For the period ended 31 March 2019

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

Opinion

We have audited the financial statements of The Manor House Hotel (Castle Combe) Limited ("the Parent Company") and its subsidiaries ("the Group") for the period ended 31 March 2019 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 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 Group's and of the Parent Company's affairs as at 31 March 2019 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.

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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent 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 Group or the Parent 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.

The Manor House Hotel (Castle Combe) Limited

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and 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.

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 and director's report.

We have nothing to report in respect of the following matters in relation to which 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.

The Manor House Hotel (Castle Combe) Limited

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 is 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 an auditor's report 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 at the Financial Reporting Council's website at: <https://lrn.narw.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

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

Date: **27 September 2019**

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 31 March 2019

	Note	2019 £	2018 £
Turnover			
Group and share of joint ventures' turnover	4	50,240,628	50,686,869
Less: share of joint ventures' turnover		-	-
Group turnover		<u>50,240,628</u>	<u>50,686,869</u>
Cost of sales		(8,554,124)	(8,670,910)
Gross profit		<u>41,686,504</u>	<u>42,015,959</u>
Administrative expenses		(37,828,982)	(38,247,708)
Operating profit	5	<u>3,857,522</u>	<u>3,768,251</u>
Share of loss of joint venture		(4,732)	(20)
Total operating profit		<u>3,852,790</u>	<u>3,768,231</u>
Interest receivable and similar income	8	3,624	157,081
Interest payable and expenses	9	(1,083,624)	(817,716)
Profit before taxation		<u>2,772,790</u>	<u>3,107,596</u>
Tax on profit	10	(525,942)	(630,614)
Profit for the financial period		<u>2,246,848</u>	<u>2,476,982</u>
Profit for the period attributable to:			
Owners of the Parent Company		<u>2,246,848</u>	<u>2,476,982</u>
		<u>2,246,848</u>	<u>2,476,982</u>

All amounts relate to continuing operations.

There was no other comprehensive income for 2019 (2018: £Nil).

The notes on pages 16 to 37 form part of these financial statements.


The Manor House Hotel (Castle Combe) Limited

Registered number:02256084

Consolidated Statement of Financial Position As at 31 March 2019

	Note	31 March 2019 £	1 April 2018 £
Fixed assets			
Intangible assets	12	325,096	541,763
Tangible assets	13	91,873,492	85,691,409
		<u>92,198,588</u>	<u>86,233,172</u>
Current assets			
Stocks	16	398,282	453,570
Debtors: amounts falling due within one year	17	4,762,277	4,591,823
Cash at bank and in hand	18	2,041,454	3,281,397
		<u>7,202,013</u>	<u>8,326,790</u>
Creditors: amounts falling due within one year	19	(19,329,820)	(17,753,698)
Net current liabilities		<u>(12,127,807)</u>	<u>(9,426,908)</u>
Total assets less current liabilities		<u>80,070,781</u>	<u>76,806,264</u>
Creditors: amounts falling due after more than one year	20	(37,015,451)	(35,552,514)
Provisions for liabilities			
Other provisions	25	(5,165)	(433)
Net assets		<u><u>43,050,165</u></u>	<u><u>41,253,317</u></u>
Capital and reserves			
Called up share capital	26	15,000,000	15,000,000
Profit and loss account	27	28,050,165	26,253,317
Equity attributable to owners of the parent Company		<u><u>43,050,165</u></u>	<u><u>41,253,317</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26th September 2019


D L E Pecorelli
Director

The notes on pages 16 to 37 form part of these financial statements.

The Manor House Hotel (Castle Combe) Limited

Registered number:02256084

Company Statement of Financial Position As at 31 March 2019

	Note	31 March 2019 £	1 April 2018 £
Fixed assets			
Tangible assets	13	12,907,051	13,048,504
Investments	14	21,802,716	21,642,716
		<u>34,709,767</u>	<u>34,691,220</u>
Current assets			
Stocks	16	63,738	74,727
Debtors: amounts falling due after more than one year	17	18,041,745	14,209,330
Debtors: amounts falling due within one year	17	1,203,487	1,077,092
Cash at bank and in hand	18	5,180	5,283
		<u>19,314,150</u>	<u>15,366,432</u>
Creditors: amounts falling due within one year	19	(2,216,274)	(1,749,410)
Net current assets		<u>17,097,876</u>	<u>13,617,022</u>
Total assets less current liabilities		<u>51,807,643</u>	<u>48,308,242</u>
Creditors: amounts falling due after more than one year	20	(22,744,654)	(20,651,020)
Net assets		<u>29,062,989</u>	<u>27,657,222</u>
Capital and reserves			
Called up share capital	26	15,000,000	15,000,000
Profit and loss account	27	14,062,989	12,657,222
		<u>29,062,989</u>	<u>27,657,222</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 £1,755,767 (2018: £2,788,637).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26th September 2019


D E Pecorelli
Director

The notes on pages 16 to 37 form part of these financial statements.

The Manor House Hotel (Castle Combe) Limited

Consolidated Statement of Changes in Equity For the period ended 31 March 2019

	Called up share capital £	Profit and loss account £	Total equity £
At 2 April 2018	15,000,000	26,253,317	41,253,317
Comprehensive income for the period			
Profit for the period	-	2,246,848	2,246,848
Total comprehensive income for the period	-	2,246,848	2,246,848
Contributions by and distributions to owners			
Dividends	-	(450,000)	(450,000)
Total transactions with owners	-	(450,000)	(450,000)
At 31 March 2019	15,000,000	28,050,165	43,050,165

Consolidated Statement of Changes in Equity For the period ended 1 April 2018

	Called up share capital £	Profit and loss account £	Total equity £
At 30 March 2017	15,000,000	24,226,335	39,226,335
Comprehensive income for the period			
Profit for the period	-	2,476,982	2,476,982
Total comprehensive income for the period	-	2,476,982	2,476,982
Contributions by and distributions to owners			
Dividends	-	(450,000)	(450,000)
Total transactions with owners	-	(450,000)	(450,000)
At 1 April 2018	15,000,000	26,253,317	41,253,317

The notes on pages 16 to 37 form part of these financial statements.

The Manor House Hotel (Castle Combe) Limited

Company Statement of Changes in Equity For the period ended 31 March 2019

	Called up share capital £	Profit and loss account £	Total equity £
At 2 April 2018	15,000,000	12,657,222	27,657,222
Comprehensive income for the period			
Profit for the period	-	1,755,767	1,755,767
	-	1,755,767	1,755,767
Total comprehensive income for the period			
Contributions by and distributions to owners			
Dividends	-	(450,000)	(450,000)
Capital contribution	-	100,000	100,000
	-	(350,000)	(350,000)
Total transactions with owners			
At 31 March 2019	15,000,000	14,062,989	29,062,989

Company Statement of Changes in Equity For the period ended 1 April 2018

	Called up share capital £	Profit and loss account £	Total equity £
At 30 March 2017	15,000,000	10,298,485	25,298,485
Comprehensive income for the period			
Profit for the period	-	2,788,637	2,788,637
	-	2,788,637	2,788,637
Total comprehensive income for the period			
Contributions by and distributions to owners			
Dividends	-	(450,000)	(450,000)
Capital contribution	-	20,100	20,100
	-	(429,900)	(429,900)
Total transactions with owners			
At 1 April 2018	15,000,000	12,657,222	27,657,222

The notes on pages 16 to 37 form part of these financial statements.

The Manor House Hotel (Castle Combe) Limited

Consolidated Statement of Cash Flows For the period ended 31 March 2019

	31 March 2019 £	1 April 2018 £
Cash flows from operating activities		
Profit for the financial period	2,246,848	2,476,982
Adjustments for:		
Amortisation of intangible assets	216,667	216,666
Depreciation of tangible assets	3,598,941	4,445,890
Loss on disposal of fixed assets	-	9,662
Net interest payable	895,051	817,550
Interest receivable	(3,624)	-
Taxation charge	525,942	630,614
Decrease in stocks	55,288	37,829
Increase in debtors	(253,312)	(256,866)
Increase/(decrease) in creditors	401,330	(1,573,332)
Net fair value losses/(gains)	188,573	(156,915)
Share of operating profit in joint ventures	4,732	20
Corporation tax paid	(700,000)	(985,460)
Net cash generated from operating activities	7,176,436	5,662,640
Cash flows from investing activities		
Purchase of tangible fixed assets	(9,338,663)	(8,337,222)
Sale of tangible fixed assets	-	32,421
Interest received	3,624	166
HP interest paid	(20,722)	(37,150)
Net cash used in investing activities	(9,355,761)	(8,341,785)

The Manor House Hotel (Castle Combe) Limited

Consolidated Statement of Cash Flows (continued) For the period ended 31 March 2019

	31 March 2019 £	1 April 2018 £
Cash flows from financing activities		
New secured loans	5,200,000	4,500,000
Repayment of loans	(2,547,213)	(1,569,157)
Repayment of finance leases	(55,530)	(115,306)
Dividends paid	(450,000)	(450,000)
Interest paid	(853,667)	(781,112)
Payment for interest rate cap	-	(66,900)
Payment of finance costs	(50,000)	-
Net cash generated from financing activities	1,243,590	1,517,525
Net decrease in cash and cash equivalents	(935,735)	(1,161,620)
Cash and cash equivalents at beginning of period	1,430,423	2,592,043
Cash and cash equivalents at the end of period	494,688	1,430,423
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	2,041,454	3,281,397
Bank overdrafts	(1,546,766)	(1,850,974)
	494,688	1,430,423

The notes on pages 16 to 37 form part of these financial statements.

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 31 March 2019

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 judgement in applying the Group's accounting policies (see note 3).

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 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 judgement 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 4. 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 £12,127,807 (2018 - £9,426,908) 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:

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 31 March 2019

2. Accounting policies (continued)

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.

2.3 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.

2.4 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.

2.5 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 31 March 2019

2. Accounting policies (continued)

2.6 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.

2.7 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.

2.8 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.

2.9 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.

2.10 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 31 March 2019

2. Accounting policies (continued)

2.11 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 caps and 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.

2.12 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.

2.13 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 31 March 2019

2. Accounting policies (continued)

2.14 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.

2.15 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.

2.16 Interest income

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

2.17 Borrowing costs

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

2.18 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 31 March 2019

2. Accounting policies (continued)

2.19 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 31 March 2019

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 13)
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 12)
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.

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 31 March 2019

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	3,598,941	4,445,890
Amortisation of intangible assets, including goodwill	216,667	216,666
Fees payable to the Group's auditor for the audit of the Company's annual financial statements	9,500	9,000
Fees payable to the Group's auditor for other services to the Group		
The auditing of accounts of subsidiary companies pursuant to legislation	53,500	52,000
The auditing of accounts of associated companies pursuant to legislation	1,000	1,000
Other services relating to taxation	28,200	32,777
Other services	12,600	12,200
	<u>107,800</u>	<u>106,977</u>

6. Employees

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

	Group 31 March 2019 £	Group 1 April 2018 £	Company 31 March 2019 £	Company 1 April 2018 £
Wages and salaries	19,606,382	19,393,739	2,684,810	2,720,050
Social security costs	1,343,425	1,419,560	195,081	209,425
Cost of defined contribution scheme	407,613	265,619	123,374	75,262
	<u>21,357,420</u>	<u>21,078,918</u>	<u>3,003,265</u>	<u>3,004,737</u>

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

	2019 No.	2018 No.
Direct labour, operatives and administration	747	682
Management	79	79
	<u>826</u>	<u>761</u>

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 31 March 2019

6. Employees (continued)

Company

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

	31 March 2019 No.	1 April 2018 No.
Direct labour, operatives and administration	118	106
Management	19	19
	<u>137</u>	<u>125</u>

7. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	540,009	550,527
Social security costs	69,180	69,103
Company contributions to defined contribution pension schemes	45,000	44,845
	<u>654,189</u>	<u>664,475</u>

During the period retirement benefits were accruing to 3 directors (2018 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £289,940 (2018 - £296,500).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2018 - £10,000).

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

8. Interest receivable

	2019 £	2018 £
Interest derivatives fair value adjustment	-	156,965
Other interest receivable	483	116
Bank interest receivable	3,141	-
	<u>3,624</u>	<u>157,081</u>

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 31 March 2019

9. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	841,851	730,617
Interest derivatives fair value adjustment	188,573	-
Amortisation of finance costs	24,428	37,217
Finance leases and hire purchase contracts	20,772	37,150
Other interest payable	8,000	12,732
	<u>1,083,624</u>	<u>817,716</u>

10. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	729,157	1,051,450
Adjustments in respect of previous periods	(117,500)	(46,450)
Total current tax	<u>611,657</u>	<u>1,005,000</u>
Deferred tax		
Origination and reversal of timing differences	(68,981)	(390,265)
Adjustments in respect of prior periods	(16,734)	15,879
Total deferred tax	<u>(85,715)</u>	<u>(374,386)</u>
Taxation on profit on ordinary activities	<u>525,942</u>	<u>630,614</u>

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 31 March 2019

10. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is lower than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>2,772,790</u>	<u>3,107,596</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	526,830	590,443
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	65,697	48,003
Fixed asset timing differences	56,995	-
Adjustments to tax charge in respect of prior periods	(117,500)	(46,450)
Adjustments to deferred tax charge in respect of prior periods	(16,734)	15,879
Non-taxable income	-	(22,328)
Tax rate changes	9,289	45,825
Deferred tax not recognised	1,365	(758)
Total tax charge for the period	<u>525,942</u>	<u>630,614</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.

11. Dividends

	31 March 2019 £	1 April 2018 £
Dividends paid on ordinary shares (3p per share)	<u>450,000</u>	<u>450,000</u>

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 31 March 2019

12. Intangible assets

Group and Company

	Patents and trademarks £	Goodwill £	Total £
Cost			
At 2 April 2018 and at 31 March 2019	99	3,250,000	3,250,099
Amortisation			
At 2 April 2018	-	2,708,336	2,708,336
Charge for the year	-	216,667	216,667
At 31 March 2019	-	2,925,003	2,925,003
Net book value			
At 31 March 2019	99	324,997	325,096
At 1 April 2018	99	541,664	541,763

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 31 March 2019

13. Tangible fixed assets

Group

	Freehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Computer equipment £	Assets under construct'n £	Total £
Cost or valuation						
At 2 April 2018	69,008,795	24,499,432	33,000,395	1,753,192	8,242,710	136,504,524
Additions	249,999	803,163	535,810	269,480	7,922,572	9,781,024
Transfers between classes	9,197,613	5,394,827	1,572,842	-	(16,165,282)	-
At 31 March 2019	<u>78,456,407</u>	<u>30,697,422</u>	<u>35,109,047</u>	<u>2,022,672</u>	<u>-</u>	<u>146,285,548</u>
Depreciation						
At 2 April 2018	-	19,897,645	29,755,931	1,159,539	-	50,813,115
Charge for the period	-	2,156,285	1,246,923	195,733	-	3,598,941
At 31 March 2019	<u>-</u>	<u>22,053,930</u>	<u>31,002,854</u>	<u>1,355,272</u>	<u>-</u>	<u>54,412,056</u>
Net book value						
At 31 March 2019	<u>78,456,407</u>	<u>8,643,492</u>	<u>4,106,193</u>	<u>667,400</u>	<u>-</u>	<u>91,873,492</u>
At 1 April 2018	<u>69,008,795</u>	<u>4,601,787</u>	<u>3,244,464</u>	<u>593,653</u>	<u>8,242,710</u>	<u>85,691,409</u>

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

	31 March 2019 £	1 April 2018 £
Plant and machinery	<u>291,871</u>	<u>312,916</u>

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 31 March 2019

13. Tangible fixed assets (continued)

Company

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 2 April 2018	11,477,451	2,243,265	5,516,526	142,534	19,379,776
Additions	138,440	162,052	57,977	35,310	393,779
At 31 March 2019	<u>11,615,891</u>	<u>2,405,317</u>	<u>5,574,503</u>	<u>177,844</u>	<u>19,773,555</u>
Depreciation					
At 2 April 2018	-	1,436,206	4,796,193	98,873	6,331,272
Charge for the period	-	268,046	246,415	20,771	535,232
At 31 March 2019	<u>-</u>	<u>1,704,252</u>	<u>5,042,608</u>	<u>119,644</u>	<u>6,866,504</u>
Net book value					
At 31 March 2019	<u>11,615,891</u>	<u>701,065</u>	<u>531,895</u>	<u>58,200</u>	<u>12,907,051</u>
At 1 April 2018	<u>11,477,451</u>	<u>807,059</u>	<u>720,333</u>	<u>43,661</u>	<u>13,048,504</u>

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

	31 March 2019 £	1 April 2018 £
Plant and machinery	<u>214,372</u>	<u>184,319</u>

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 31 March 2019

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 2 April 2018	21,642,716
Additions	160,000
At 31 March 2019	<u>21,802,716</u>
 Net book value	
At 31 March 2019	<u>21,802,716</u>
At 1 April 2018	<u>21,642,716</u>

A list of subsidiary undertakings and joint ventures is shown in note 15.

15. 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
Royal Berkshire Hotel Limited	Ordinary	100 %	Hotel operation

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 31 March 2019

15. Subsidiary undertakings (continued)

Participating interests

Joint ventures

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

16. Stocks

	Group 31 March 2019 £	Group 1 April 2018 £	Company 31 March 2019 £	Company 1 April 2018 £
Finished goods and goods for resale	398,282	453,570	63,738	74,727

Stocks are valued at cost on a first in, first out basis. The replacement cost of stocks at 31 March 2019 and 1 April 2018 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 £5,425,845 (2018 - £5,632,229).

17. Debtors

	Group 31 March 2019 £	Group 1 April 2018 £	Company 31 March 2019 £	Company 1 April 2018 £
Debtors due after more than one year				
Amounts owed by group undertakings	-	-	18,041,745	14,209,330

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 31 March 2019

17. Debtors (continued)

	Group 31 March 2019 £	Group 1 April 2018 £	Company 31 March 2019 £	Company 1 April 2018 £
Debtors due within one year				
Trade debtors	1,911,286	1,875,935	127,298	95,665
Amounts owed by group undertakings	-	-	459,701	286,268
Amounts owed by participating interests	89,339	336,632	89,339	283,307
Other debtors	1,643,549	1,337,724	326,437	262,180
Prepayments and accrued income	296,388	116,959	47,612	32,723
Deferred taxation (see note 25)	806,722	721,007	153,100	116,949
Financial instruments	14,993	203,566	-	-
	<u>4,762,277</u>	<u>4,591,823</u>	<u>1,203,487</u>	<u>1,077,092</u>

The impairment loss in respect of trade debtors recognised in the consolidated statement of comprehensive income was £33,005 (2018 - £23,885). No impairment loss was recognised in the current and prior year in the Company.

18. Cash and cash equivalents

	Group 31 March 2019 £	Group 1 April 2018 £	Company 31 March 2019 £	Company 1 April 2018 £
Cash at bank and in hand	2,041,454	3,281,397	5,180	5,283
Less: bank overdrafts	(1,546,766)	(1,850,974)	(163,440)	(161,069)
	<u>494,688</u>	<u>1,430,423</u>	<u>(158,260)</u>	<u>(155,786)</u>

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 31 March 2019

19. Creditors: Amounts falling due within one year

	Group 31 March 2019 £	Group 1 April 2018 £	Company 31 March 2019 £	Company 1 April 2018 £
Bank overdrafts	1,546,766	1,850,974	163,440	161,069
Bank loans	3,518,000	2,250,000	-	-
Other loans	100,461	97,011	100,461	97,011
Trade creditors	2,092,329	2,857,932	292,014	186,422
Amounts owed to group undertakings	-	-	388,530	5,817
Corporation tax	241,361	329,704	-	56,360
Other taxation and social security	1,373,851	1,261,599	214,831	201,143
Obligations under finance lease and hire purchase contracts	125,324	113,126	56,853	51,413
Other creditors	1,388,470	1,232,549	75,565	61,986
Accruals and deferred income	8,943,258	7,760,803	924,580	928,189
	<u>19,329,820</u>	<u>17,753,698</u>	<u>2,216,274</u>	<u>1,749,410</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 £Nil (2018 - £Nil).

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

	Group 31 March 2019 £	Group 1 April 2018 £	Company 31 March 2019 £	Company 1 April 2018 £
Bank loans	32,511,531	30,688,405	-	-
Other loans	4,434,826	4,727,287	4,434,826	4,727,287
Net obligations under finance leases and hire purchase contracts	69,094	136,822	69,094	83,718
Amounts owed to group undertakings	-	-	18,240,734	15,840,015
	<u>37,015,451</u>	<u>35,552,514</u>	<u>22,744,654</u>	<u>20,651,020</u>

As at 31 March 2019, the Group had two bank loans:

One loan, with a balance of £17.6 million (2018 - £14.9 million) is repayable in semi-annual instalments with a final repayment date no later than 30 September 2025. Through an interest rate cap £4 million of this loan bears interest at LIBOR plus a margin of 1.25%, capped at 1.5%. Through an interest rate swap a further £4 million of this loan bears interest at LIBOR plus a margin of 1.25% with a swap rate of 0.895%. The remainder of the loan bears interest at LIBOR plus a margin of 1.25%.

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 31 March 2019

20. Creditors: Amounts falling due after more than one year (continued)

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 £18.5 million (2018 - £18.2 million) is repayable in quarterly instalments commencing in June 2018, with the remaining balance being repayable in May 2021. Through an interest rate swap £7 million of this loan bears interest at LIBOR plus a margin of between 1.875% and 2.5% with a swap rate of 0.767%. The remainder of the loan bears interest at LIBOR plus a margin of 1.875% to 2.5%.

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: 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%.

21. Loans

Analysis of the maturity of the loans as given below:

	Group 31 March 2019 £	Group 1 April 2018 £	Company 31 March 2019 £	Company 1 April 2018 £
Amounts falling due within one year				
Bank loans	3,518,000	2,250,000	-	-
Other loans	100,461	97,011	100,461	97,011
	<u>3,618,461</u>	<u>2,347,011</u>	<u>100,461</u>	<u>97,011</u>
Amounts falling due 1-2 years				
Bank loans	3,768,000	2,266,750	-	-
Other loans	4,345,309	4,533,736	4,140,814	4,533,736
	<u>8,113,309</u>	<u>6,800,486</u>	<u>4,140,814</u>	<u>4,533,736</u>
Amounts falling due 2-5 years				
Bank loans	27,435,431	21,264,405	-	-
Other loans	89,517	193,551	294,012	193,551
	<u>27,524,948</u>	<u>21,457,956</u>	<u>294,012</u>	<u>193,551</u>
Amounts falling due after more than 5 years				
Bank loans	1,308,100	7,157,250	-	-
	<u>40,564,818</u>	<u>37,762,703</u>	<u>4,535,287</u>	<u>4,824,298</u>

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 31 March 2019

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 31 March 2019 £	Group 1 April 2018 £	Company 31 March 2019 £	Company 1 April 2018 £
Within one year	109,649	113,128	56,853	51,416
Between 1-5 years	69,094	80,420	69,094	42,777
Over 5 years	-	56,401	-	40,940
	<u>178,743</u>	<u>249,949</u>	<u>125,947</u>	<u>135,133</u>

23. Financial instruments

	Group 31 March 2019 £	Group 1 April 2018 £	Company 31 March 2019 £	Company 1 April 2018 £
Financial assets				
Financial assets measured at fair value through profit or loss	14,993	203,566	-	-
Financial assets that are debt instruments measured at amortised cost	5,685,628	7,037,451	19,049,700	15,142,025
	<u>5,700,621</u>	<u>7,241,017</u>	<u>19,049,700</u>	<u>15,142,025</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(48,567,955)	(45,843,443)	(23,952,841)	(21,371,306)

Financial assets measured at fair value through profit or loss comprise interest rate cap and swap contracts.

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 amortised cost comprise trade creditors, other creditors, accruals and borrowings. The Company figures also include amounts due to group undertakings.

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 31 March 2019

24. Deferred taxation

Group

	2019 £	2018 £
At beginning of year	721,007	346,621
Charged to profit or loss	85,715	374,386
At end of year	806,722	721,007

Company

	2019 £	2018 £
At beginning of year	116,949	80,392
Charged to profit or loss	36,151	36,557
At end of year	153,100	116,949

The deferred tax asset is made up as follows:

	Group 31 March 2019 £	Group 1 April 2018 £	Company 31 March 2019 £	Company 1 April 2018 £
Fixed asset timing differences	806,722	721,007	153,100	116,949

25. Provisions

Group

	Provision for losses in joint venture £
At 2 April 2018	433
Charged to profit or loss	4,732
At 31 March 2019	5,165

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 31 March 2019

26. Share capital

	31 March 2019 £	1 April 2018 £
Allotted, called up and fully paid		
15,000,000 Ordinary shares of £1 each	<u>15,000,000</u>	<u>15,000,000</u>

27. Reserves

The Group has the following reserves:

Profit and loss account

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

28. Capital commitments

The Group has capital commitments of £nil (2018 - £4.4 million) which were contracted for but not provided for.

29. 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 £407,613 (2018 - £265,619). Contributions totalling £27,562 (2018 - £12,339) were payable to the fund at the reporting date and are included within creditors.

30. 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 £4,241,275 (2018 - £4,417,274), £200,000 (2018 - £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 £294,012 (2018 - £391,023). 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 (2018 - £450,000).

31. Controlling party

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