

The Manor House Hotel (Castle Combe) Limited

Annual Report and Financial Statements

Period Ended

29 March 2020

Company Number 02256084

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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
31 Chertsey Street
Guildford
Surrey
GU1 4HD

Solicitors

Herrington and Carmichael Solicitors
Waters Edge
Riverside Way
Watchmoor Park
Camberley
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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 29 March 2020

Introduction

The directors present their report together with the audited financial statements of The Manor House Hotel (Castle Combe) Limited for the period ended 29th March 2020.

Strategy

The principal activity of the group is that of hotel, spa and golf operators. The group's hotel properties consist of Pennyhill Park, South Lodge, Lainston House, The Manor House Hotel, Royal Berkshire Hotel and Fanhams Hall Hotel.

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, the cookery school and the Castle Inn adjacent to the Manor House Hotel, 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.

Operating review

The group performed well in the year to 29 March 2020 but was impacted at the end of the period by the Covid-19 pandemic, as discussed further below.

Our average room rate increased by 7%, predominantly due to our strong performance in the leisure market and the new spa at South Lodge having a positive effect on the rate in all market segments at that property. Average occupancy was running ahead of the prior period until it was impacted by pandemic related cancellations in March 2020.

Membership was a targeted market segment for growth, with membership revenue increasing by almost 50%, mainly from South Lodge but our on-going focus has been to broaden the group wide benefits and enhance the membership value proposition helping to grow all of our membership models. The new spa at South Lodge established itself as one of the leading spas in the country with a number of national reviews and awards.

Our revenue from both the leisure and conference market segments grew but revenue from the wedding segment reduced in a competitive market.

The Manor House Hotel (Castle Combe) Limited

Group Strategic Report (continued) For the period ended 29 March 2020

Covid-19

The Covid-19 pandemic has undoubtedly been the most significant event in the group's history. As the pandemic developed, significant cancellations impacted the business in March 2020, and all properties had to close on 23 March as a result of the national lockdown and government guidance.

We have been able to re-open all the hotels during the summer, but Covid-19 related restrictions have continued to impact the business, and further temporary closures have been required. When open, we have seen strong demand from the domestic leisure segment, benefitting from our country locations, away from city centres. Demand from the corporate segment has been limited, and we have been able to host only a small number of weddings.

We have taken swift action to align our cost base to the reduced revenue generation from the business and continue to challenge our previous operating model as events unfold. Our staff have shown tremendous flexibility and resilience, supporting the business as we manage through this period. Building on our strong banking relationships, and benefitting from our prudent debt position, we have been able to arrange additional borrowing facilities. Coupled with careful cash management, these have given us the financial resources to operate with confidence through this extraordinary period for the whole hospitality sector.

Financial key performance indicators

Despite the impact of Covid-19 at the end of the period, our financial performance for the year to 29 March 2020 was strong. We generated sales of over £52.5m (2019: £50.2m). We achieved an operating profit of £4.4m (2019: £3.9m).

With earnings before interest, tax, depreciation and amortisation (EBITDA) of £8.5m (2019: £7.7m), 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 borrowings of £35m are well supported by the value of our assets.

Principal risks and uncertainties

The group is exposed to events that prevent the normal operation of our hotels, including pandemics, extreme weather events and other operational issues. Having a number of properties, in various locations, provides some mitigation to these operational risks. Some risks are covered by insurance.

We are also 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 impacted by 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.

This report was approved by the board on **25th February 2021** and signed on its behalf.



D L E Pecorelli
Director

The Manor House Hotel (Castle Combe) Limited

Directors' Report For the period ended 29 March 2020

The directors present their report and the financial statements for the period ended 29 March 2020.

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 pages 1 - 2 of these financial statements.

Results and dividends

The profit for the period, after taxation, amounted to £2,555,383 (2019 - £2,246,848).

Dividends paid during the period totalled £450,000 (2019 - £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
G P Pecorelli

Going concern

The directors are confident that for the foreseeable future, being at least 12 months from the approval of these financial statements, the group and the parent company will be able to fund their operations and meet their liabilities as they fall due. The accounts have been prepared on a going concern basis accordingly.

The directors consider it necessary to acknowledge the uncertainty created by the current global situation with COVID-19. At the reporting date the group is in a net current liability position of £11,930,940 and an overall net asset position of £45,155,548. At the reporting date the company is in a net current asset position of £17,689,767 and an overall net asset position of £28,550,367. The group's net current liability position includes non-cash liabilities (deferred income and deposits) of £6,171,452 (company £840,532). During the period to 29 March 2020 the group made a profit of £2,555,383 and the company suffered a loss of £62,622.

It is necessary to consider the potential impact of COVID-19 upon the future performance of the group and company.

In all cases considered, the group is able to operate within its existing cash and borrowing facilities, including utilisation of the undrawn overdraft facility. The cash flow analysis takes into account the group's net current liability position which was £11.9 million at the balance sheet date. By 31 January 2021, and excluding amounts due to its lending banks, the group had net current trading liabilities of approximately £9.3 million, with around £7.2 million of deferred income and deposits. While there is some risk of having to refund deposits if events cannot take place, the group expects to provide the relevant service covered by most deposits, and therefore does not expect to settle these liabilities in cash. Moreover, the group continues to receive new deposits for future business.

The Manor House Hotel (Castle Combe) Limited

Directors' Report (continued) For the period ended 29 March 2020

Going concern (continued)

The group has prepared the financial statements for the period ended 29 March 2020 on a going concern basis. The nature and extent of the Covid-19 pandemic and steps taken by the government in response to the pandemic are continuously changing and their impact on the economy is being continually re-assessed. The restrictions on hotel opening and domestic and international travel in particular have a direct impact on revenues in the hospitality industry. As it is not possible to predict how long these will continue, although the expanding vaccination programme offers some hope in mitigating the main effects of the pandemic, it is difficult for the group to make reliable forecasts in the short-term. The directors do have the performance of the group in the period from the start of the pandemic in March on which to base their assumptions but they do still recognise that there are some areas over which they have no control.

The group has considered a range of scenarios and the latest forecast assumes some operational interruption and substantially depressed demand for the rest of the current financial year, followed by a gradual recovery over the course of the year ending March 2022.

In light of the challenging economic environment, the group has taken a number of steps, including:

- utilising Covid-19 related government incentives and tax reliefs;
- implementing cost reduction measures;
- renegotiating existing commitments and deferring short-term expenditure;
- extending and amending existing financing facilities; and
- securing new funding facilities from existing lenders.

In addition, one of the group's current lenders has agreed to waive covenant reporting obligations for the financial years ending March 2021 and March 2022.

By taking the steps detailed above, coupled with maximising revenues during permitted opening periods and the continuing revenues from providing services to elite sports, the group generated an EBITDA of £1.76 million in the period to December 2020. The overall group loss before tax for that period was £2.1 million, which included depreciation charged of £2.51 million.

At the reporting date, the group had £3.92 million in cash and an undrawn overdraft facility of £3 million. The group has secured £4.23 million of additional long-term funding facilities subsequent to the year-end. In addition, since the year end the group has agreed with one of its lenders to defer repayment of £2 million, originally due to be repaid in November 2020, until December 2022. Additionally, loans due to the group's other primary lender totalling £17.7 million, which were due to be repaid quarterly, have been deferred, with quarterly repayment re-commencing in March 2022.

Based on the successful steps taken by the group to mitigate the financial impact of the pandemic, the performance of the group in the pandemic period, the additional financing obtained and the extension of existing loan repayment obligations, the directors are of the opinion that although COVID-19 does pose some risk to the group, these risks are being well managed and are not considered to impact the going concern status of the group and parent company.

The directors are confident that for the foreseeable future, being twelve months from the approval of these financial statements, the group and parent company would be able to meet its liabilities as they fall due. For this reason the Directors believe that it remains appropriate to prepare the accounts on the going concern basis.

Charitable contributions

During the period, the company and its subsidiaries made charitable donations of £730 (2019 - £7,498).

The Manor House Hotel (Castle Combe) Limited

Directors' Report (continued) For the period ended 29 March 2020

Environmental matters

We continue to be exceptionally focused on respecting our environment and we are currently undergoing B Corp accreditation.

Our zero direct to landfill policy is a key focus for us, and in all major decisions the environmental impact is considered. Our food and beverage purchasing continues to evolve supporting uber local as well as increasing our own produce from our kitchen gardens.

The group's greenhouse gas emissions and energy consumption for the period are:

STREAMLINED ENERGY AND CARBON REPORTING (SECR) DISCLOSURE

The SECR disclosure presents our carbon footprint within the United Kingdom across Scope 1, 2 and to some extent scope 3 emissions, an appropriate intensity metric, the total energy use of electricity, gas and transport fuel and an energy efficiency actions summary taken during the relevant financial year.

	Year to 31 st March 2020
Energy consumption used to calculate emissions (kWh)	22,554,051
Emissions from combustion of gas (Scope 1) tCO ₂ e	2,275
Emissions from combustion of fuel for transport purposes (Scope 1) tCO ₂ e	0
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) tCO ₂ e	56
Emissions from purchased electricity (Scope 2, location-based) tCO ₂ e	2,541
Emissions from purchased electricity (Scope 2, market-based) tCO ₂ e	0
Total gross tCO ₂ e based on above	4,872
Intensity ratio (tCO ₂ e/rooms booked)	0.045907

ENERGY EFFICIENCY ACTION SUMMARY

Year to 31st March 2020

The Manor House Hotel (Castle Combe) Limited continues to achieve direct savings in energy and associated carbon emissions, through operational and technological improvements, including;

- Switching to LED light bulbs where possible
- Buying the most energy efficient equipment when renewing for example dish and glass washers, ice machines, cookers and ovens, laundry equipment, hoovers, cleaning equipment
- Reducing internal hotel meetings where possible to minimise mileage
- Use of biomass fuel in new spa building which was also covered with 'living' insulation
- Continued use of two CHP units in the group
- Hotels have commenced Green Committees across the group with a representative from each hotel department attending ; the aim of these committees is to meet every month or on a regular basis to discuss what environmental or 'green' actions the staff can take to be more environmentally aware and this obviously includes energy use. We have attended the committee at Pennyhill Park and the issues we have discussed are mostly simple actions including :
 - o turning off all office lights and applications when not in use for example printers & monitors, turning off conference room lights when not in use
 - o making sure office heating is not on during summer and to a sensible level during winter, all office and conference & banqueting spaces have a 'shut down' list for each duty manager to adhere to when closing down after use to cover these points and actions

The Manor House Hotel (Castle Combe) Limited

Directors' Report (continued) For the period ended 29 March 2020

Environmental matters (continued)

Additional indirect energy and carbon emission savings have also been achieved through a range of measures, including:

- Increasing our recycling activities to capture and reuse more plastic, using suppliers to use recycled PET on plastic containers, switching to aluminium packaging where possible, using local suppliers where possible / practical, having all food waste collected for onward conversion to biofuel
- Implemented a new enterprise-level software application which provides us quality assurance and data capture capabilities into one energy and carbon management solution. This provides us audited and verified data on our GHG emissions.
- Meeting the requirements of the UK Government's Streamlined Energy and Carbon Reporting scheme

METHODOLOGY NOTES

Reporting Period	1 st of April 2019 – 31 st of March 2020
Boundary (consolidation approach)	Operational control
Alignment with financial reporting	SECR disclosure has been prepared in line with The Manor House Hotel (Castle Combe) Limited annual accounts made up to 31 March 2020
Reporting method	GHG Emissions reporting are in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard
Emissions factor source	DEFRA, 2019 for all emissions factors https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2019
Conversion factor source	Federal Register EPA for natural gas and gasoline (petrol) https://www.ecfr.gov/cgi-bin/text-idx?SID=ae265d7d6f98ec86fed8640b9793a3f6&mc=true&node=p40.23.98&rgn=div5#ap40.23.98_138.1 EPA GHG Emission Factors Hub for natural gas and gasoline (petrol) https://www.epa.gov/climateleadership/center-corporate-climate-leadership-ehg-emission-factors-hub U. S. Energy Information Administration for diesel https://www.eia.gov/totalenergy/data/monthly/pdf/sec12_2.pdf
Calculation method	Activity Data x Emission Factor = GHG emissions Activity Data x Conversion Factor = kWh consumption
Other relevant information on calculation	Where applicable consumption was converted to kWh using conversion factors linked above, while emissions were calculated with the DEFRA emission factors. Transport data was calculated from mileage data to kWh and GHG emissions using the method above. In the absence of the exact vehicle types we have used the Vehicles statistics' table VEH0203, issued by the Department for Transport to separate the diesel and petrol cars. In the absence of the exact engine sizes of the vehicles average conversion factors were used to calculate emissions
Reason for the intensity measurement choice	Based on the nature of our business, as well as following the recommendations of the SECR legislation we chose the following intensity metric: Rooms booked. This metric reflects the total CO ₂ emitted by the guest in the rooms they booked where energy usage is applicable. Through the comparison of the coming financial years this metric will show the improvement of Exclusive Hotels and Venues energy efficiency.

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.

The Manor House Hotel (Castle Combe) Limited

Directors' Report (continued) For the period ended 29 March 2020

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.

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

As described in the strategic report, the group has been impacted significantly by restrictions resulting from the Covid-19 pandemic, including periods of temporary closure of the group's hotels since March 2020.

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 **25th February 2021** and signed on its behalf.



D L E Pecorelli
Director

The Manor House Hotel (Castle Combe) Limited

Directors' Responsibilities For the period ended 29 March 2020

The directors are responsible for preparing the strategic report, the directors' report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. 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;
- 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 29 March 2020 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 29 March 2020 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 and financial statements, 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://www.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

Nick Poulter (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Guildford
United Kingdom

Date: 25 February 2021

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 2020

	Note	2020 £	2019 £
Turnover			
Group and share of joint venture's turnover	4	52,568,698	50,240,628
Less: share of joint venture's turnover		-	-
Group turnover		<u>52,568,698</u>	<u>50,240,628</u>
Cost of sales		(9,042,572)	(8,554,124)
Gross profit		<u>43,526,126</u>	<u>41,686,504</u>
Administrative expenses		(39,145,418)	(37,828,982)
Operating profit	5	<u>4,380,708</u>	<u>3,857,522</u>
Share of loss of joint venture		(1,697)	(4,732)
Total operating profit		<u>4,379,011</u>	<u>3,852,790</u>
Interest receivable and similar income	8	2,510	3,624
Interest payable and expenses	9	(1,029,684)	(1,083,624)
Profit before taxation		<u>3,351,837</u>	<u>2,772,790</u>
Tax on profit	10	(796,454)	(525,942)
Profit for the financial period		<u>2,555,383</u>	<u>2,246,848</u>
Profit for the period attributable to:			
Owners of the parent company		<u>2,555,383</u>	<u>2,246,848</u>
		<u><u>2,555,383</u></u>	<u><u>2,246,848</u></u>

All amounts relate to continuing operations.

There was no other comprehensive income for 2020 (2019: £Nil).

The notes on pages 19 to 43 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 2020

	Note	29 March 2020 £	31 March 2019 £
Fixed assets			
Intangible assets	12	108,429	325,096
Tangible assets	13	91,665,723	91,873,492
		<u>91,774,152</u>	<u>92,198,588</u>
Current assets			
Stocks	15	368,862	398,282
Debtors: amounts falling due within one year	16	3,303,451	4,762,277
Cash at bank and in hand	17	4,880,589	2,041,454
		<u>8,552,902</u>	<u>7,202,013</u>
Creditors: amounts falling due within one year	18	(20,483,842)	(19,329,820)
Net current liabilities		<u>(11,930,940)</u>	<u>(12,127,807)</u>
Total assets less current liabilities		<u>79,843,212</u>	<u>80,070,781</u>
Creditors: amounts falling due after more than one year	19	(34,680,802)	(37,015,451)
Provisions for liabilities			
Other provisions	24	(6,862)	(5,165)
Net assets		<u>45,155,548</u>	<u>43,050,165</u>
Capital and reserves			
Called up share capital	25	15,000,000	15,000,000
Profit and loss account	27	30,155,548	28,050,165
Equity attributable to owners of the parent company		<u>45,155,548</u>	<u>43,050,165</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25th February 2021



D L E Pecorelli
Director

The notes on pages 19 to 43 form part of these financial statements.

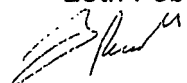
The Manor House Hotel (Castle Combe) Limited
Registered number:02256084

Company Statement of Financial Position
As at 29 March 2020

	Note	29 March 2020 £	31 March 2019 £
Fixed assets			
Tangible assets	13	12,983,323	12,907,051
Investments	14	21,802,716	21,802,716
		<u>34,786,039</u>	<u>34,709,767</u>
Current assets			
Stocks	15	65,842	63,738
Debtors: amounts falling due after more than one year	16	18,859,985	18,041,745
Debtors: amounts falling due within one year	16	973,542	1,203,487
Cash at bank and in hand	17	43,949	5,180
		<u>19,943,318</u>	<u>19,314,150</u>
Creditors: amounts falling due within one year	18	(2,253,551)	(2,216,274)
Net current assets		<u>17,689,767</u>	<u>17,097,876</u>
Total assets less current liabilities		<u>52,475,806</u>	<u>51,807,643</u>
Creditors: amounts falling due after more than one year	19	(23,925,439)	(22,744,654)
Net assets		<u><u>28,550,367</u></u>	<u><u>29,062,989</u></u>
Capital and reserves			
Called up share capital	25	15,000,000	15,000,000
Profit and loss account	27	13,550,367	14,062,989
		<u><u>28,550,367</u></u>	<u><u>29,062,989</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 loss after tax of the parent company for the period was £62,622 (2019: profit of £1,755,767).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25th February 2021



D L E Pecorelli
Director

The notes on pages 19 to 43 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 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2019	15,000,000	28,050,165	43,050,165
Comprehensive income for the period			
Profit for the period	-	2,555,383	2,555,383
Total comprehensive income for the period	-	2,555,383	2,555,383
Contributions by and distributions to owners			
Dividends	-	(450,000)	(450,000)
Total transactions with owners	-	(450,000)	(450,000)
At 29 March 2020	15,000,000	30,155,548	45,155,548

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

The notes on pages 19 to 43 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 2020

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2019	15,000,000	14,062,989	29,062,989
Comprehensive income for the period			
Loss for the period	-	(62,622)	(62,622)
	-	(62,622)	(62,622)
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 29 March 2020	15,000,000	13,550,367	28,550,367

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

The notes on pages 19 to 43 form part of these financial statements.

The Manor House Hotel (Castle Combe) Limited

Consolidated Statement of Cash Flows For the period ended 29 March 2020

	29 March 2020 £	31 March 2019 £
Cash flows from operating activities		
Profit for the financial period	2,555,383	2,246,848
Adjustments for:		
Amortisation of intangible assets	216,667	216,667
Depreciation of tangible assets	3,931,678	3,598,941
Loss on disposal of tangible assets	(7,873)	-
Interest payable	935,489	895,051
Interest receivable	(2,510)	(3,624)
Taxation charge	796,454	525,942
Decrease in stocks	29,420	55,288
Decrease/(increase) in debtors	1,369,980	(253,312)
Increase in creditors	1,562,827	401,330
Net fair value losses	94,195	188,573
Share of operating loss in joint venture	1,697	4,732
Corporation tax (paid)	(525,000)	(700,000)
Net cash generated from operating activities	10,958,407	7,176,436
Cash flows from investing activities		
Purchase of tangible fixed assets	(4,603,317)	(9,338,663)
Sale of tangible fixed assets	7,873	-
Interest received	2,510	3,624
HP interest paid	(30,384)	(20,722)
Net cash from investing activities	(4,623,318)	(9,355,761)

The Manor House Hotel (Castle Combe) Limited

Consolidated Statement of Cash Flows (continued) For the period ended 29 March 2020

	29 March 2020 £	31 March 2019 £
Cash flows from financing activities		
New secured loans	1,000,000	5,200,000
Repayment of loans	(2,484,264)	(2,547,213)
Repayment of finance leases	(124,546)	(55,530)
Dividends paid	(450,000)	(450,000)
Interest paid	(848,448)	(853,667)
Payment of finance costs	-	(50,000)
Net cash used in financing activities	(2,907,258)	1,243,590
Net increase/(decrease) in cash and cash equivalents	3,427,831	(935,735)
Cash and cash equivalents at beginning of period	494,688	1,430,423
Cash and cash equivalents at the end of period	3,922,519	494,688
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	4,880,589	2,041,454
Bank overdrafts	(958,070)	(1,546,766)
	3,922,519	494,688

The notes on pages 19 to 43 form part of these financial statements.

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2020

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 presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

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 7. 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 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 2020

2. Accounting policies (continued)

2.3 Going concern

The directors are confident that for the foreseeable future, being at least 12 months from the approval of these financial statements, the group and the parent company will be able to fund their operations and meet their liabilities as they fall due. The accounts have been prepared on a going concern basis accordingly.

The directors consider it necessary to acknowledge the uncertainty created by the current global situation with COVID-19. At the balance sheet date the group is in a net current liability position of £11,930,940 and an overall net asset position of £45,155,548. At the balance sheet date the company is in a net current asset position of £17,689,767 and an overall net asset position of £28,550,367. The group's net current liability position includes non-cash liabilities (deferred income and deposits) of £6,171,452 (company £840,532). During the period to 29 March 2020 the group made a profit of £2,555,383 and the company suffered a loss of £62,622.

It is necessary to consider the potential impact of COVID-19 upon the future performance of the group and company.

In all cases considered, the group is able to operate within its existing cash and borrowing facilities, including utilisation of the undrawn overdraft facility. The cash flow analysis takes into account the group's net current liability position which was £11.9 million at the balance sheet date. By 31 January 2021, and excluding amounts due to its lending banks, the group had net current trading liabilities of approximately £9.3 million, with around £7.2 million of deferred income and deposits. While there is some risk of having to refund deposits if events cannot take place, the group expects to provide the relevant service covered by most deposits, and therefore does not expect to settle these liabilities in cash. Moreover, the group continues to receive new deposits for future business.

The group has prepared the financial statements for the period ended 29 March 2020 on a going concern basis. The nature and extent of the Covid-19 pandemic and steps taken by the government in response to the pandemic are continuously changing and their impact on the economy is being continually re-assessed. The restrictions on hotel opening and domestic and international travel in particular have a direct impact on revenues in the hospitality industry. As it is not possible to predict how long these will continue, although the expanding vaccination programme offers some hope in mitigating the main effects of the pandemic, it is difficult for the group to make reliable forecasts in the short-term. The directors do have the performance of the group in the period from the start of the pandemic in March on which to base their assumptions but they do still recognise that there are some areas over which they have no control.

The group has considered a range of scenarios and the latest forecast assumes some operational interruption and substantially depressed demand for the rest of the current financial year, followed by a gradual recovery over the course of the year ending March 2022.

In light of the challenging economic environment, the group has taken a number of steps, including:

- utilising Covid-19 related government incentives and tax reliefs;
- implementing cost reduction measures;
- renegotiating existing commitments and deferring short-term expenditure;
- extending and amending existing financing facilities; and
- securing new funding facilities from existing lenders.

In addition, one of the group's current lenders has agreed to waive covenant reporting obligations for the financial years ending March 2021 and March 2022.

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2020

2. Accounting policies (continued)

2.3 Going concern (continued)

By taking the steps detailed above, coupled with maximising revenues during permitted opening periods and the continuing revenues from providing services to elite sports, the group generated an EBITDA of £1.76 million in the period to December 2020. The overall group loss before tax for that period was £2.1 million, which included depreciation charged of £2.51 million.

At the reporting date, the group had £3.92 million in cash and an undrawn overdraft facility of £3 million. The group has secured £4.23 million of additional long-term funding facilities subsequent to the year-end. In addition, since the year end the group has agreed with one of its lenders to defer repayment of £2 million, originally due to be repaid in November 2020, until December 2022. Additionally, loans due to the group's other primary lender totalling £17.7 million, which were due to be repaid quarterly, have been deferred, with quarterly repayment re-commencing in March 2022.

Based on the successful steps taken by the group to mitigate the financial impact of the pandemic, the performance of the group in the pandemic period, the additional financing obtained and the extension of existing loan repayment obligations, the directors are of the opinion that although COVID-19 does pose some risk to the group, these risks are being well managed and are not considered to impact the going concern status of the group and parent company.

The directors are confident that for the foreseeable future, being twelve months from the approval of these financial statements, the group and parent company would be able to meet its liabilities as they fall due. For this reason the Directors believe that it remains appropriate to prepare the accounts on the going concern basis.

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 consolidated statement of comprehensive income over its estimated economic life.

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2020

2. Accounting policies (continued)

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 consolidated 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 consolidated 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.

2.7 Leasing and hire purchase

Rentals paid under operating leases are charged to the consolidated 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 consolidated 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 consolidated 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.

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2020

2. Accounting policies (continued)

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 consolidated 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 2020

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 consolidated statement of comprehensive income.

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 consolidated 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 2020

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 period that the group becomes aware of the obligation, and are measured at the best estimate at the reporting 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 consolidated statement of financial position.

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2020

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 2020

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.
- Freehold property is not depreciated. This is because any depreciation charge would be highly immaterial as the property's useful economic life can be measured in centuries, and if the property were to be depreciated the residual value would be significant due to frequent maintenance and refurbishment works.

Other key sources of estimation uncertainty

- **Tangible fixed assets** (see note 13)
Tangible fixed assets, other than freehold property, 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 group's principal activity of the operating hotel, golf and spa resorts.

All turnover arose within the United Kingdom.

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2020

5. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation - plant and machinery	3,931,678	3,598,941
Amortisation - intangible fixed assets	216,667	216,667
Fees payable to the group's auditor for the audit of the company's annual financial statements	11,000	9,500
Fees payable to the group's auditor for other services to the group		
The auditing of accounts of subsidiary companies pursuant to legislation	55,000	53,500
The auditing of accounts of associated companies pursuant to legislation	1,000	1,000
Other services relating to taxation	22,460	28,200
Other services	13,000	12,600
	<u> </u>	<u> </u>

6. Employees

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

	Group 29 March 2020 £	Group 31 March 2019 £	Company 29 March 2020 £	Company 31 March 2019 £
Wages and salaries	19,868,218	19,606,382	2,657,970	2,684,810
Social security costs	1,551,948	1,343,425	203,910	195,081
Cost of defined contribution scheme	451,710	407,613	60,330	123,374
	<u>21,871,876</u>	<u>21,357,420</u>	<u>2,922,210</u>	<u>3,003,265</u>

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

	2020 No.	2019 No.
Direct labour, operatives and administration	802	747
Management	79	79
	<u>881</u>	<u>826</u>

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2020

6. Employees (continued)

Company

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

	2020 No.	2019 No.
Direct labour, operatives and administration	124	118
Management	21	19
	<u>145</u>	<u>137</u>

7. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	439,278	540,009
Social security costs	55,304	69,180
Company contributions to defined contribution pension schemes	11,136	45,000
	<u>505,718</u>	<u>654,189</u>

During the period retirement benefits were accruing to 1 director (2019 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £236,718 (2019 - £289,940).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2019 - £Nil).

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

8. Interest receivable

	2020 £	2019 £
Other interest receivable	-	483
Bank interest receivable	2,510	3,141
	<u>2,510</u>	<u>3,624</u>

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2020

9. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	855,975	841,851
Interest derivatives fair value adjustment	94,199	188,573
Amortisation of finance costs	41,126	24,428
Finance leases and hire purchase contracts	30,384	20,772
Other interest payable	8,000	8,000
	<u>1,029,684</u>	<u>1,083,624</u>

10. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the period	783,602	729,157
Adjustments in respect of previous periods	(61,001)	(117,500)
Total current tax	<u>722,601</u>	<u>611,657</u>
Deferred tax		
Origination and reversal of timing differences	131,257	(68,981)
Changes to tax rates	(90,959)	-
Adjustments in respect of prior periods	33,555	(16,734)
Total deferred tax	<u>73,853</u>	<u>(85,715)</u>
Taxation on profit on ordinary activities	<u><u>796,454</u></u>	<u><u>525,942</u></u>

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2020

10. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	3,351,837	2,772,790
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	636,849	526,830
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	69,818	65,697
Fixed asset timing differences	204,141	56,995
Adjustments to tax charge in respect of prior periods	(61,001)	(117,500)
Adjustments to deferred tax charge in respect of prior periods	33,555	(16,734)
Tax rate changes	(91,512)	9,289
Deferred tax not recognised	4,604	1,365
Total tax charge for the period	796,454	525,942

Factors that may affect future tax charges

A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. This will increase the company's future tax charge accordingly.

11. Dividends

	29 March 2020 £	31 March 2019 £
Dividends paid on ordinary shares (3p per share)	450,000	450,000

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2020

12. Intangible assets

Group and Company

	Patents and trademarks £	Goodwill £	Total £
Cost			
At 1 April 2019 and at 29 March 2020	99	3,250,000	3,250,099
Amortisation			
At 1 April 2019	-	2,925,003	2,925,003
Charge for the period	-	216,667	216,667
At 29 March 2020	-	3,141,670	3,141,670
Net book value			
At 29 March 2020	99	108,330	108,429
At 31 March 2019	99	324,997	325,096

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2020

13. Tangible fixed assets

Group

	Freehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost					
At 1 April 2019	78,456,407	30,697,422	35,109,047	2,022,672	146,285,548
Additions	813,185	1,942,775	365,846	602,103	3,723,909
Disposals	-	(44,483)	-	-	(44,483)
Transfers between classes	(816,093)	1,139,581	(271,834)	(51,654)	-
At 29 March 2020	<u>78,453,499</u>	<u>33,735,295</u>	<u>35,203,059</u>	<u>2,573,121</u>	<u>149,964,974</u>
Depreciation					
At 1 April 2019	-	22,053,930	31,002,854	1,355,272	54,412,056
Charge for the period	-	2,141,317	1,529,299	261,062	3,931,678
Disposals	-	(44,483)	-	-	(44,483)
At 29 March 2020	<u>-</u>	<u>24,150,764</u>	<u>32,532,153</u>	<u>1,616,334</u>	<u>58,299,251</u>
Net book value					
At 29 March 2020	<u>78,453,499</u>	<u>9,584,531</u>	<u>2,670,906</u>	<u>956,787</u>	<u>91,665,723</u>
At 31 March 2019	<u>78,456,407</u>	<u>8,643,492</u>	<u>4,106,193</u>	<u>667,400</u>	<u>91,873,492</u>

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

	29 March 2020 £	31 March 2019 £
Plant and machinery	<u>443,238</u>	<u>291,871</u>

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2020

13. Tangible fixed assets (continued)

Company

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 April 2019	11,615,891	2,405,317	5,574,503	177,844	19,773,555
Additions	83,792	294,408	85,409	31,997	495,606
Disposals	-	(44,483)	-	-	(44,483)
At 29 March 2020	<u>11,699,683</u>	<u>2,655,242</u>	<u>5,659,912</u>	<u>209,841</u>	<u>20,224,678</u>
Depreciation					
At 1 April 2019	-	1,704,252	5,042,608	119,644	6,866,504
Charge for the period	-	186,808	206,013	26,513	419,334
Disposals	-	(44,483)	-	-	(44,483)
At 29 March 2020	<u>-</u>	<u>1,846,577</u>	<u>5,248,621</u>	<u>146,157</u>	<u>7,241,355</u>
Net book value					
At 29 March 2020	<u>11,699,683</u>	<u>808,665</u>	<u>411,291</u>	<u>63,684</u>	<u>12,983,323</u>
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>

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

	29 March 2020 £	31 March 2019 £
Plant and machinery	<u>251,946</u>	<u>214,372</u>

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2020

14. Fixed asset investments

Company

Investments
in subsidiary
companies
£

Cost

At 1 April 2019 and 29 March 2020

21,802,716

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 registered office address for all the above subsidiaries is the same as that of the parent company, which is shown on the company information page.

Participating interests

Joint ventures

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

15. Stocks

	Group 29 March 2020 £	Group 31 March 2019 £	Company 29 March 2020 £	Company 31 March 2019 £
Finished goods and goods for resale	368,862	398,282	65,842	63,738

Stocks are valued at cost on a first in, first out basis. The replacement cost of stocks at 29 March 2020 and 31 March 2019 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.

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2020

16. Debtors

	Group 29 March 2020 £	Group 31 March 2019 £	Company 29 March 2020 £	Company 31 March 2019 £
Debtors due after more than one year				
Intercompany loans	-	-	18,859,985	18,041,745

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 2020 £	Group 31 March 2019 £	Company 29 March 2020 £	Company 31 March 2019 £
Debtors due within one year				
Trade debtors	1,136,258	1,911,286	37,510	127,298
Amounts owed by group undertakings	-	-	415,623	459,701
Amounts owed by participating interests	89,339	89,339	89,339	89,339
Other debtors	920,637	1,643,549	153,890	326,437
Prepayments and accrued income	424,348	296,388	47,882	47,612
Corporation tax receivable	-	-	63,981	-
Deferred taxation (see note 24)	732,869	806,722	165,317	153,100
Financial instruments	-	14,993	-	-
	3,303,451	4,762,277	973,542	1,203,487

The impairment loss in respect of trade debtors recognised in the consolidated statement of comprehensive income was £66,566 (2019 - £33,005). No impairment loss was recognised in the current and prior period in the company.

17. Cash and cash equivalents

	Group 29 March 2020 £	Group 31 March 2019 £	Company 29 March 2020 £	Company 31 March 2019 £
Cash at bank and in hand	4,880,589	2,041,454	43,949	5,180
Less: bank overdrafts	(958,070)	(1,546,766)	-	(163,440)
	3,922,519	494,688	43,949	(158,260)

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2020

18. Creditors: Amounts falling due within one year

	Group 29 March 2020 £	Group 31 March 2019 £	Company 29 March 2020 £	Company 31 March 2019 £
Bank overdrafts	958,070	1,546,766	-	163,440
Bank loans	4,518,000	3,518,000	-	-
Other loans	112,541	100,461	112,541	100,461
Trade creditors	2,003,579	2,092,329	286,680	292,014
Amounts owed to group undertakings	-	-	400,545	388,530
Corporation tax	435,873	241,361	-	-
Other taxation and social security	1,538,260	1,373,851	185,652	214,831
Obligations under finance lease and hire purchase contracts	137,803	125,324	72,787	56,853
Other creditors	2,825,197	1,388,470	243,030	75,565
Accruals and deferred income	7,875,317	8,943,258	952,316	924,580
Financial instruments	79,202	-	-	-
	20,483,842	19,329,820	2,253,551	2,216,274

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 (2019 - £Nil).

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

	Group 29 March 2020 £	Group 31 March 2019 £	Company 29 March 2020 £	Company 31 March 2019 £
Bank loans	30,360,348	32,511,531	-	-
Other loans	4,138,791	4,434,826	4,138,791	4,434,826
Net obligations under finance leases and hire purchase contracts	181,663	69,094	56,393	69,094
Intercompany loans	-	-	19,730,255	18,240,734
	34,680,802	37,015,451	23,925,439	22,744,654

As at 29 March 2020, the group had the following bank loans:

One loan, with a balance of £11.375 million (2019 - £12.625 million) is repayable in semi-annual instalments with a final repayment date no later than 30 September 2025. £625,000 of the bank loan was originally repayable in March 2020 and was repaid before the period end. Another loan, with a balance of £3.799 million (2019 - £4 million) is repayable in quarterly instalments with a final repayment date no later than 31 December 2021. £67,000 of this loan was originally repayable in March 2020 and was repaid subsequent to the period end. Subsequent to the period end, a repayment holiday was obtained in light of COVID-19 for both payments due in March 2020. The full March repayments therefore roll into the capital due on the final repayment date, and the amounts already repaid were subsequently refunded.

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2020

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

Through an interest rate cap £4 million of these loans bears interest at LIBOR plus a margin of 1.25%, capped at 1.5%. Through an interest rate swap a further £4 million of these loans bears interest at LIBOR plus a margin of 2.15%. The remainder of the loans bear interest at LIBOR plus a margin of 1.25%.

A revolving credit facility of £2 million is also included within bank loans falling due within one year. At the period end, the revolving credit facility was fully drawn down and due to be repaid in November 2020. However subsequent to the period end, the repayment date was amended to December 2022 in light of COVID-19.

The revolving credit facility bears interest at LIBOR plus a margin of 2.5%.

Both the bank loans and the revolving credit facility are 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.

Another loan, with a balance of £17.7 million (2019 - £18.5 million) is repayable in quarterly instalments commencing in June 2018. Subsequent to the period end, a repayment holiday with the bank was obtained in light of COVID-19, effective 31 March 2020. This means that no further capital repayments are due until March 2022. In addition, subsequent to the period end, the facility available on this loan was extended by £2 million.

Through an interest rate swap £7 million of this loan bears interest at LIBOR plus a margin of between 2.6% and 3.3%, depending on the margin charged by the lender which varies with the financial performance of the entity. 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 Hotel Limited, Royal Berkshire Hotel Limited and South Lodge Limited.

Subsequent to the period end, the bank overdraft facility has also been extended from £3 million to £5 million.

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 2020

20. Loans

Analysis of the maturity of the loans as given below:

	Group 29 March 2020 £	Group 31 March 2019 £	Company 29 March 2020 £	Company 31 March 2019 £
Amounts falling due within one year				
Bank loans	4,518,000	3,518,000	-	-
Other loans	112,541	100,461	112,541	100,461
	<u>4,630,541</u>	<u>3,618,461</u>	<u>112,541</u>	<u>100,461</u>
Amounts falling due 1-2 years				
Bank loans	21,485,348	3,768,000	-	-
Other loans	4,138,791	4,345,309	4,138,791	4,140,814
	<u>25,624,139</u>	<u>8,113,309</u>	<u>4,138,791</u>	<u>4,140,814</u>
Amounts falling due 2-5 years				
Bank loans	3,750,000	27,435,431	-	-
Other loans	-	89,517	-	294,012
	<u>3,750,000</u>	<u>27,524,948</u>	<u>-</u>	<u>294,012</u>
Amounts falling due after more than 5 years				
Bank loans	5,125,000	1,308,100	-	-
	<u>39,129,680</u>	<u>40,564,818</u>	<u>4,251,332</u>	<u>4,535,287</u>

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 29 March 2020 £	Group 31 March 2019 £	Company 29 March 2020 £	Company 31 March 2019 £
Within one year	125,548	109,649	72,787	56,853
Between 1-5 years	181,663	69,094	56,393	69,094
	<u>307,211</u>	<u>178,743</u>	<u>129,180</u>	<u>125,947</u>

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2020

22. Financial instruments

	Group 29 March 2020 £	Group 31 March 2019 £	Company 29 March 2020 £	Company 31 March 2019 £
Financial assets				
Financial assets measured at fair value through profit or loss	-	14,993	-	-
Financial assets that are debt instruments measured at amortised cost	7,034,035	5,685,628	19,369,833	19,049,700
	<u>7,034,035</u>	<u>5,700,621</u>	<u>19,369,833</u>	<u>19,049,700</u>
Financial liabilities				
Derivative financial instruments measured at fair value through profit or loss	(79,202)	-	-	-
Financial liabilities measured at amortised cost	(46,929,067)	(48,567,955)	(25,084,684)	(23,952,841)
	<u>(47,008,269)</u>	<u>(48,567,955)</u>	<u>(25,084,684)</u>	<u>(23,952,841)</u>

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 29 March 2020

23. Deferred taxation

Group

	2020 £	2019 £
At beginning of period	806,722	721,007
Charged to profit or loss	(73,853)	85,715
At end of period	732,869	806,722

Company

	2020 £	2019 £
At beginning of period	153,100	116,949
Charged to profit or loss	12,217	36,151
At end of period	165,317	153,100

The deferred tax asset is made up as follows:

	Group 29 March 2020 £	Group 31 March 2019 £	Company 29 March 2020 £	Company 31 March 2019 £
Fixed asset timing differences	732,869	806,722	165,317	153,100

24. Provisions

Group

	Provision for losses in joint venture £
At 1 April 2019	5,165
Charged to profit or loss	1,697
At 29 March 2020	6,862

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2020

25. Share capital

	29 March 2020 £	31 March 2019 £
Allotted, called up and fully paid		
15,000,000 Ordinary shares of £1 each	<u>15,000,000</u>	<u>15,000,000</u>

26. Analysis of net debt

	At 1 April 2019 £	Cash flows £	Non-cash items £	At 29 March 2020 £
Cash at bank and in hand	2,041,454	2,839,135	-	4,880,589
Bank overdrafts	(1,546,766)	588,696	-	(958,070)
Debt due within 1 year	(3,618,461)	1,484,264	(2,496,344)	(4,630,541)
Debt due after 1 year	(36,946,357)	-	2,447,218	(34,499,139)
Finance leases	(194,418)	124,546	(249,594)	(319,466)
	<u>(40,264,548)</u>	<u>5,036,641</u>	<u>(298,720)</u>	<u>(35,526,627)</u>

Non-cash items comprise:

Adjustment to ageing of debt being a reclassification between debt within one year and over one year of £2,496,344;

Amortisation of capitalised finance costs of £49,126; and

New finance leases entered into totalling £249,594.

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. 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 £451,710 (2019 - £407,613). Contributions totalling £59,364 (2019 - £27,562) were payable to the fund at the reporting date and are included within creditors.

The Manor House Hotel (Castle Combe) Limited

Notes to the Financial Statements For the period ended 29 March 2020

29. Related party transactions

The company has taken advantage of the exemption allowed under FRS 102 s33.1A not to disclose transactions with other 100% owned 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 £4,041,275 (2019 - £4,241,275), £200,000 (2019 - £200,000) was repaid in the period. The loan is interest free and has not yet been called for repayment. The lender must give 367 days notice when calling for repayment.

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 £202,057 (2019 - £294,012). The loan is interest bearing and repayable in monthly instalments of which the final repayment is due in January 2022.

In the period a dividend was paid to shareholders of £450,000 (2019 - £450,000).

30. Controlling party

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