

# **The Manor House Hotel (Castle Combe) Limited**

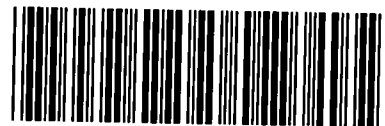
Annual Report and Financial Statements

Period Ended

1 April 2018

Company Number 02256084

FRIDAY



\*A7GF3VMJ\*

A09

12/10/2018

#52

COMPANIES HOUSE

# **The Manor House Hotel (Castle Combe) Limited**

## **Company Information**

---

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

# **The Manor House Hotel (Castle Combe) Limited**

## **Contents**

---

	<b>Page</b>
<b>Group Strategic Report</b>	<b>1 - 2</b>
<b>Directors' Report</b>	<b>3 - 4</b>
<b>Directors' Responsibilities</b>	<b>5</b>
<b>Independent Auditor's Report</b>	<b>6 - 8</b>
<b>Consolidated Statement of Comprehensive Income</b>	<b>9</b>
<b>Consolidated Statement of Financial Position</b>	<b>10</b>
<b>Company Statement of Financial Position</b>	<b>11</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>12</b>
<b>Company Statement of Changes in Equity</b>	<b>13</b>
<b>Consolidated Statement of Cash Flows</b>	<b>14 - 15</b>
<b>Notes to the Financial Statements</b>	<b>16 - 37</b>

# **The Manor House Hotel (Castle Combe) Limited**

## **Group Strategic Report For the period ended 1 April 2018**

---

### **Introduction**

The directors present their report and the financial statements of The Manor House (Castle Combe) Limited for the period ended 1 April 2018.

### **Business review and future developments**

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

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

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

Cost of sales from a food and beverage perspective have been exceptionally well controlled. Our key cost of sales challenge has been our rooms cost of sale rising for the sixth year, predominantly around third party OTAs. Our yield management strategy is focused on reducing this at peak demand times.

The Spa at South Lodge continues to progress with an expected opening date of late March 2019. The project will enhance the positioning at South Lodge and help keep the Exclusive Group at the top end of the hotel and leisure markets.

### **Financial key performance indicators**

The Group has generated revenue of £50.7m (2017 - £49.2m) and a profit on ordinary activities before taxation of £3.1m (2017 - £4.1m). The Group's EBITDA was £8.4m for the year (2017 - £9.0m).

The directors are pleased to report that the group as a whole has seen an increase in occupancy and average room rate. The group occupancy ended the year at 66.2%, with an average room rate of £157.26. The new rooms at The Castle Inn produced a higher room rate than anticipated.

### **People performance indicators**

Staff retention continues to be a focus with retention ending the year almost exactly at the same level as the prior year. Our average number of vacancies throughout the year fell to 40 from a prior year of 48.

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

### **Principal risks and uncertainties**

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

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

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

# The Manor House Hotel (Castle Combe) Limited

## Group Strategic Report (continued) For the period ended 1 April 2018


---

### 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 26<sup>th</sup> September 2018 and signed on its behalf.



D J E Pecorelli  
Director

# **The Manor House Hotel (Castle Combe) Limited**

## **Directors' Report For the period ended 1 April 2018**

---

The directors present their report and the financial statements for the period ended 1 April 2018.

### **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 £2,476,982 (2017: £3,207,608).

Dividends paid during the year totalled £450,000 (2017: £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

### **Charitable contributions**

During the period, the company and its subsidiaries made charitable donations of £5,120 (2017: £570).

### **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.

### **Property assets**

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

### **Financial instruments**

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

### **Employee consultation**

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

# **The Manor House Hotel (Castle Combe) Limited**

## **Directors' Report (continued) For the period ended 1 April 2018**

---

### **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**

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 24<sup>th</sup> September 2018 and signed on its behalf.



**D L E Pecorelli**  
Director

# **The Manor House Hotel (Castle Combe) Limited**

## **Directors' Responsibilities For the period ended 1 April 2018**

---

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;
- 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 1 April 2018 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 1 April 2018 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://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**

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

Date: **27 September 2018**

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 1 April 2018

	Note	2018 £	2017 £
<b>Turnover</b>			
Group and share of joint ventures' turnover	4	50,686,869	49,225,535
Less: share of joint ventures' turnover		-	-
		<u>50,686,869</u>	<u>49,225,535</u>
<b>Group turnover</b>		50,686,869	49,225,535
Cost of sales		(8,670,910)	(8,610,722)
		<u>42,015,959</u>	<u>40,614,813</u>
<b>Gross profit</b>		42,015,959	40,614,813
Administrative expenses		(38,247,708)	(36,685,778)
		<u>3,768,251</u>	<u>3,929,035</u>
<b>Operating profit</b>	5	3,768,251	3,929,035
Share of loss of joint venture		(20)	(25)
		<u>3,768,231</u>	<u>3,929,010</u>
<b>Total operating profit</b>		3,768,231	3,929,010
Profit on disposal of joint venture		-	876,117
Interest receivable and similar income	8	157,081	11,080
Interest payable and expenses	9	(817,716)	(718,968)
		<u>3,107,596</u>	<u>4,097,239</u>
<b>Profit before taxation</b>		3,107,596	4,097,239
Tax on profit	10	(630,614)	(889,631)
		<u>2,476,982</u>	<u>3,207,608</u>
<b>Profit for the financial period</b>		2,476,982	3,207,608
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Parent Company		2,476,982	3,207,608
		<u>2,476,982</u>	<u>3,207,608</u>

All amounts relate to continuing operations.

There was no other comprehensive income for 2018 (2017: £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 1 April 2018

	Note	1 April 2018 £	29 March 2017 £
<b>Fixed assets</b>			
Intangible assets	12	541,763	758,429
Tangible assets	13	85,691,409	80,789,419
		<u>86,233,172</u>	<u>81,547,848</u>
<b>Current assets</b>			
Stocks	16	453,570	491,399
Debtors: amounts falling due within one year	17	4,591,823	3,757,005
Cash at bank and in hand	18	3,281,397	3,624,143
		<u>8,326,790</u>	<u>7,872,547</u>
Creditors: amounts falling due within one year	19	(17,753,698)	(16,628,192)
<b>Net current liabilities</b>		<u>(9,426,908)</u>	<u>(8,755,645)</u>
<b>Total assets less current liabilities</b>		<u>76,806,264</u>	<u>72,792,203</u>
Creditors: amounts falling due after more than one year	20	(35,552,514)	(33,565,455)
<b>Provisions for liabilities</b>			
Other provisions	25	(433)	(413)
<b>Net assets</b>		<u><u>41,253,317</u></u>	<u><u>39,226,335</u></u>
<b>Capital and reserves</b>			
Called up share capital	26	15,000,000	15,000,000
Profit and loss account	27	26,253,317	24,226,335
		<u><u>41,253,317</u></u>	<u><u>39,226,335</u></u>

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

  
D L E Pecorelli  
Director

24<sup>th</sup> September 2018

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 1 April 2018

	Note	1 April 2018 £	29 March 2017 £
<b>Fixed assets</b>			
Tangible assets	13	13,048,504	12,791,353
Investments	14	21,642,716	21,845,116
		<u>34,691,220</u>	<u>34,636,469</u>
<b>Current assets</b>			
Stocks	16	74,727	106,789
Debtors: amounts falling due after more than one year	17	14,209,330	13,729,569
Debtors: amounts falling due within one year	17	1,077,092	704,143
Cash at bank and in hand	18	5,283	292,011
		<u>15,366,432</u>	<u>14,832,512</u>
Creditors: amounts falling due within one year	19	(1,749,410)	(1,998,786)
<b>Net current assets</b>		<u>13,617,022</u>	<u>12,833,726</u>
<b>Total assets less current liabilities</b>		<u>48,308,242</u>	<u>47,470,195</u>
Creditors: amounts falling due after more than one year	20	(20,651,020)	(22,171,710)
<b>Net assets</b>		<u><u>27,657,222</u></u>	<u><u>25,298,485</u></u>
<b>Capital and reserves</b>			
Called up share capital	26	15,000,000	15,000,000
Profit and loss account	27	12,657,222	10,298,485
		<u><u>27,657,222</u></u>	<u><u>25,298,485</u></u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the Parent Company for the period was £2,788,637 (2017: £2,445,431).

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

  
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

## 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
<b>Comprehensive income for the period</b>			
Profit for the period	-	2,476,982	2,476,982
<b>Total comprehensive income for the period</b>	-	2,476,982	2,476,982
<b>Contributions by and distributions to owners</b>			
Dividends	-	(450,000)	(450,000)
<b>Total transactions with owners</b>	-	(450,000)	(450,000)
<b>At 1 April 2018</b>	<b>15,000,000</b>	<b>26,253,317</b>	<b>41,253,317</b>

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

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

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 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
<b>Comprehensive income for the period</b>			
Profit for the period	-	2,788,637	2,788,637
	-	2,788,637	2,788,637
<b>Total comprehensive income for the period</b>			
<b>Contributions by and distributions to owners</b>			
Dividends	-	(450,000)	(450,000)
Capital contribution	-	20,100	20,100
<b>Total transactions with owners</b>	-	(429,900)	(429,900)
<b>At 1 April 2018</b>	<b>15,000,000</b>	<b>12,657,222</b>	<b>27,657,222</b>

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

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

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 1 April 2018

	1 April 2018 £	29 March 2017 £
<b>Cash flows from operating activities</b>		
Profit for the financial period	2,476,982	3,207,608
<b>Adjustments for:</b>		
Amortisation of intangible assets	216,666	216,667
Depreciation of tangible assets	4,445,890	4,832,784
Profit on disposal of joint venture	-	(876,117)
Loss on disposal of fixed assets	9,662	-
Net interest payable	817,550	713,729
Taxation charge	630,614	889,631
Decrease/(increase) in stocks	37,829	(158,447)
Increase in debtors	(256,866)	(195,479)
(Decrease)/increase in creditors	(1,573,332)	1,878,414
Net fair value gains	(156,915)	(5,841)
Share of profit/(loss) in joint ventures	20	(887)
Corporation tax (paid)	(985,460)	(1,495,144)
<b>Net cash generated from operating activities</b>	<b>5,662,640</b>	<b>9,006,918</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(8,337,222)	(5,775,053)
Sale of tangible fixed assets	32,421	-
Sale of investment	-	1,729,932
Interest received	166	-
HP interest paid	(37,150)	(10,509)
<b>Net cash from investing activities</b>	<b>(8,341,785)</b>	<b>(4,055,630)</b>

# The Manor House Hotel (Castle Combe) Limited

## Consolidated Analysis of Net Debt (continued) For the period ended 1 April 2018

	1 April 2018 £	29 March 2017 £
<b>Cash flows from financing activities</b>		
New secured loans	4,500,000	-
Repayment of loans	(1,569,157)	(1,450,000)
Finance costs paid	-	(186,090)
Repayment of finance leases	(115,306)	(70,252)
Dividends paid	(450,000)	(450,000)
Interest paid	(781,112)	(628,027)
Payment for interest rate cap	(66,900)	-
<b>Net cash from financing activities</b>	<b>1,517,525</b>	<b>(2,784,369)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,161,620)</b>	<b>2,166,919</b>
Cash and cash equivalents at beginning of period	2,592,043	425,124
<b>Cash and cash equivalents at the end of period</b>	<b>1,430,423</b>	<b>2,592,043</b>
<b>Cash and cash equivalents at the end of period comprise:</b>		
Cash at bank and in hand	3,281,397	3,624,143
Bank overdrafts	(1,850,974)	(1,032,100)
	<b>1,430,423</b>	<b>2,592,043</b>

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 1 April 2018

---

### 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 3. The financial position of the Group can be seen within the consolidated statement of financial position, with the cash flows described within the consolidated cash flow statement.

The Group reports net current liabilities of £9,426,908 (2017: £8,755,645) 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 1 April 2018

---

### 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 1 April 2018**

---

### **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 1 April 2018**

---

### **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 1 April 2018**

---

### **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 1 April 2018**

---

### **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 1 April 2018

---

### 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 1 April 2018

### 5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	4,445,890	4,832,784
Amortisation of intangible assets, including goodwill	216,666	216,667
Fees payable to the Group's auditor for the audit of the Company's annual financial statements	9,000	8,500
<b>Fees payable to the Group's auditors for other services to the Group:</b>		
The auditing of accounts of subsidiary companies pursuant to legislation	52,000	48,500
The auditing of accounts of associated companies pursuant to legislation	1,000	1,000
Other services relating to taxation	32,777	30,025
Other services	12,200	17,000
	<u>          </u>	<u>          </u>

### 6. Employees

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

	Group 1 April 2018 £	Group 29 March 2017 £	Company 1 April 2018 £	Company 29 March 2017 £
Wages and salaries	19,393,739	17,904,412	2,720,050	2,355,743
Social security costs	1,419,560	1,282,638	209,425	172,995
Cost of defined contribution scheme	265,619	391,672	75,262	164,083
	<u>21,078,918</u>	<u>19,578,722</u>	<u>3,004,737</u>	<u>2,692,821</u>

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

	2018 No.	2017 No.
Direct labour, operatives and administration	682	665
Management	79	80
	<u>761</u>	<u>745</u>

# The Manor House Hotel (Castle Combe) Limited

## Notes to the Financial Statements For the period ended 1 April 2018

### 6. Employees (continued)

#### Company

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

	1 April 2017 No.	30 March 2017 No.
Direct labour, operatives and administration	106	109
Management	19	19
	<u>125</u>	<u>128</u>

### 7. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	550,527	542,500
Social security costs	69,103	88,309
Company contributions to defined contribution pension schemes	44,845	110,000
	<u>664,475</u>	<u>740,809</u>

During the period retirement benefits were accruing to 4 directors (2017 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £296,500 (2017: £282,707).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,000 (2017: £10,000).

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

### 8. Interest receivable

	2018 £	2017 £
Interest derivatives fair value adjustment	156,965	5,841
Other interest receivable	116	5,239
	<u>157,081</u>	<u>11,080</u>

# The Manor House Hotel (Castle Combe) Limited

## Notes to the Financial Statements For the period ended 1 April 2018

### 9. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	730,617	654,757
Other loan interest payable	4,732	8,484
Amortisation of finance costs	37,217	37,218
Finance leases and hire purchase contracts	37,150	10,509
Other interest payable	8,000	8,000
	<u>817,716</u>	<u>718,968</u>

### 10. Taxation

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	1,051,450	1,250,116
Adjustments in respect of previous periods	(46,450)	9,206
Joint venture taxation	-	(912)
<b>Total current tax</b>	<u>1,005,000</u>	<u>1,258,410</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(390,265)	(377,629)
Changes to tax rates	-	(1,859)
Adjustments in respect of prior periods	15,879	10,709
<b>Total deferred tax</b>	<u>(374,386)</u>	<u>(368,779)</u>
<b>Taxation on profit on ordinary activities</b>	<u>630,614</u>	<u>889,631</u>

# The Manor House Hotel (Castle Combe) Limited

## Notes to the Financial Statements For the period ended 1 April 2018

### 10. Taxation (continued)

#### Factors affecting tax charge for the period

The tax assessed for the period is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>3,107,596</u>	<u>4,097,239</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	590,443	819,448
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	48,003	160,903
Non-taxable profit on disposal of fixed asset investments	-	(86,796)
Adjustments to tax charge in respect of prior periods	(46,450)	9,206
Adjustments to deferred tax charge in respect of prior periods	15,879	10,709
Non-taxable income	(22,328)	(29,821)
Unrelieved loss on disposal of operation	-	5,054
Tax rate changes	45,825	-
Deferred tax not recognised	(758)	928
<b>Total tax charge for the period</b>	<u><u>630,614</u></u>	<u><u>889,631</u></u>

#### Factors that may affect future tax charges

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

### 11. Dividends

	1 April 2018 £	29 March 2017 £
Dividends paid on ordinary shares	<u><u>450,000</u></u>	<u><u>450,000</u></u>

# The Manor House Hotel (Castle Combe) Limited

## Notes to the Financial Statements For the period ended 1 April 2018

### 12. Intangible assets

#### Group and Company

	Patents and trademarks £	Goodwill £	Total £
<b>Cost</b>			
At 30 March 2017 and at 1 April 2018	99	3,250,000	3,250,099
<b>Amortisation</b>			
At 30 March 2017	-	2,491,670	2,491,670
Charge for the year	-	216,666	216,666
At 1 April 2018	-	2,708,336	2,708,336
<b>Net book value</b>			
At 1 April 2018	99	541,664	541,763
At 29 March 2017	99	758,330	758,429

# The Manor House Hotel (Castle Combe) Limited

## Notes to the Financial Statements For the period ended 1 April 2018

### 13. Tangible fixed assets

#### Group

	Freehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Computer equipment £	Assets under construct'n £	Total £
<b>Cost or valuation</b>						
At 30 March 2017	68,482,681	23,913,686	31,857,171	1,389,503	1,616,420	127,259,461
Additions	506,114	728,741	1,140,449	388,369	6,626,290	9,389,963
Disposals	-	(144,900)	-	-	-	(144,900)
At 1 April 2018	<u>68,988,795</u>	<u>24,497,527</u>	<u>32,997,620</u>	<u>1,777,872</u>	<u>8,242,710</u>	<u>136,504,524</u>
<b>Depreciation</b>						
At 30 March 2017	-	17,568,064	28,049,716	852,262	-	46,470,042
Charge for the period	-	2,432,398	1,706,215	307,277	-	4,445,890
Disposals	-	(102,817)	-	-	-	(102,817)
At 1 April 2018	<u>-</u>	<u>19,897,645</u>	<u>29,755,931</u>	<u>1,159,539</u>	<u>-</u>	<u>50,813,115</u>
<b>Net book value</b>						
At 1 April 2018	<u>68,988,795</u>	<u>4,599,882</u>	<u>3,241,689</u>	<u>618,333</u>	<u>8,242,710</u>	<u>85,691,409</u>
At 29 March 2017	<u>68,482,681</u>	<u>6,345,622</u>	<u>3,807,455</u>	<u>537,241</u>	<u>1,616,420</u>	<u>80,789,419</u>

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

	1 April 2018 £	29 March 2017 £
Plant and machinery	312,916	212,991
	<u>312,916</u>	<u>212,991</u>

# The Manor House Hotel (Castle Combe) Limited

## Notes to the Financial Statements For the period ended 1 April 2018

### 13. Tangible fixed assets (continued)

#### Company

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>					
At 30 March 2017	11,165,105	2,042,908	5,371,885	110,122	18,690,020
Additions	292,346	343,352	141,866	57,092	834,656
Disposals	-	(144,900)	-	-	(144,900)
At 1 April 2018	<u>11,457,451</u>	<u>2,241,360</u>	<u>5,513,751</u>	<u>167,214</u>	<u>19,379,776</u>
<b>Depreciation</b>					
At 30 March 2017	-	1,286,771	4,530,110	81,786	5,898,667
Charge for the period	-	252,252	266,083	17,087	535,422
Disposals	-	(102,817)	-	-	(102,817)
At 1 April 2018	<u>-</u>	<u>1,436,206</u>	<u>4,796,193</u>	<u>98,873</u>	<u>6,331,272</u>
<b>Net book value</b>					
At 1 April 2018	<u>11,457,451</u>	<u>805,154</u>	<u>717,558</u>	<u>68,341</u>	<u>13,048,504</u>
At 29 March 2017	<u>11,165,105</u>	<u>756,137</u>	<u>841,775</u>	<u>28,336</u>	<u>12,791,353</u>

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

	1 April 2018 £	29 March 2017 £
Plant and machinery	<u>184,319</u>	<u>46,890</u>

# The Manor House Hotel (Castle Combe) Limited

## Notes to the Financial Statements For the period ended 1 April 2018

### 14. Fixed asset investments

#### Company

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 30 March 2017	21,845,116
Additions	47,600
Disposals	(250,000)
At 1 April 2018	<u>21,642,716</u>
 <b>Net book value</b>	
At 1 April 2018	<u>21,642,716</u>
At 29 March 2017	<u>21,845,116</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 registered office address for each of the above subsidiaries is the same as for the Parent Company. The address is shown on the information page of these financial statements.

#### Participating interests

##### Joint ventures

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

# The Manor House Hotel (Castle Combe) Limited

## Notes to the Financial Statements For the period ended 1 April 2018

### 16. Stocks

	Group 1 April 2018 £	Group 29 March 2017 £	Company 1 April 2018 £	Company 29 March 2017 £
Finished goods and goods for resale	453,570	491,399	74,727	106,789
	<u>453,570</u>	<u>491,399</u>	<u>74,727</u>	<u>106,789</u>

Stocks are valued at cost on a first in, first out basis. The replacement cost of stocks at 1 April 2018 and 29 March 2017 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 £5,632,229 (2017: £5,686,323).

### 17. Debtors

	Group 1 April 2018 £	Group 29 March 2017 £	Company 1 April 2018 £	Company 29 March 2017 £
<b>Due after more than one year</b>				
Amounts owed by group undertakings	-	-	14,209,330	13,729,569
	<u>-</u>	<u>-</u>	<u>14,209,330</u>	<u>13,729,569</u>

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

	Group 1 April 2018 £	Group 29 March 2017 £	Company 1 April 2018 £	Company 29 March 2017 £
<b>Due within one year</b>				
Trade debtors	1,875,935	1,779,555	95,665	94,306
Amounts owed by group undertakings	-	-	286,268	-
Amounts owed by participating interests	336,632	336,632	283,307	283,307
Other debtors	1,337,724	906,792	262,180	213,139
Prepayments and accrued income	116,959	387,405	32,723	32,999
Deferred taxation (see note 24)	721,007	346,621	116,949	80,392
Financial instruments	203,566	-	-	-
	<u>4,591,823</u>	<u>3,757,005</u>	<u>1,077,092</u>	<u>704,143</u>

# The Manor House Hotel (Castle Combe) Limited

## Notes to the Financial Statements For the period ended 1 April 2018

### 17. Debtors (continued)

The impairment loss in respect of trade debtors recognised in the consolidated statement of comprehensive income was £23,885 (2017: £16,406). No impairment loss was recognised in the current and prior year in the Company.

### 18. Cash and cash equivalents

	Group 1 April 2018 £	Group 29 March 2017 £	Company 1 April 2018 £	Company 29 March 2017 £
Cash at bank and in hand	3,281,397	3,624,143	5,283	292,011
Less: bank overdrafts	(1,850,974)	(1,032,100)	(161,069)	-
	<u>1,430,423</u>	<u>2,592,043</u>	<u>(155,786)</u>	<u>292,011</u>

### 19. Creditors: Amounts falling due within one year

	Group 1 April 2018 £	Group 29 March 2017 £	Company 1 April 2018 £	Company 29 March 2017 £
Bank overdrafts	1,850,974	1,032,100	161,069	-
Bank loans	2,250,000	1,250,000	-	-
Other loans	97,011	93,680	97,011	93,680
Trade creditors	2,857,932	2,092,881	186,422	289,430
Amounts owed to group undertakings	-	-	5,817	-
Corporation tax	329,704	310,164	56,360	-
Other taxation and social security	1,261,599	1,761,785	201,143	218,903
Obligations under finance lease and hire purchase contracts	113,126	79,002	51,413	17,418
Other creditors	1,232,549	2,267,953	61,986	232,572
Accruals and deferred income	7,760,803	7,720,378	928,189	1,146,783
Financial instruments	-	20,249	-	-
	<u>17,753,698</u>	<u>16,628,192</u>	<u>1,749,410</u>	<u>1,998,786</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 (2017: £127K).

# The Manor House Hotel (Castle Combe) Limited

## Notes to the Financial Statements For the period ended 1 April 2018

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

	Group 1 April 2018 £	Group 29 March 2017 £	Company 1 April 2018 £	Company 29 March 2017 £
Bank loans	30,688,405	28,425,946	-	-
Other loans	4,727,287	5,017,017	4,727,287	5,017,017
Net obligations under finance leases and hire purchase contracts	136,822	122,492	83,718	11,787
Amounts owed to group undertakings	-	-	15,840,015	17,142,906
	<b>35,552,514</b>	<b>33,565,455</b>	<b>20,651,020</b>	<b>22,171,710</b>

As at 1 April 2018, the Group had two bank loans:

One loan, with a balance of £14.9 million (2017: £15.1 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%.

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 £18.2 million (2017: £14.7 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%.

# The Manor House Hotel (Castle Combe) Limited

## Notes to the Financial Statements For the period ended 1 April 2018

### 21. Loans

Analysis of the maturity of the loans as given below:

	Group 1 April 2018 £	Group 29 March 2017 £	Company 1 April 2018 £	Company 29 March 2017 £
<b>Amounts falling due within one year</b>				
Bank loans	2,250,000	1,250,000	-	-
Other loans	97,011	93,680	97,011	93,680
<b>Amounts falling due 1-2 years</b>				
Bank loans	2,266,750	2,000,000	-	-
Other loans	4,533,736	4,723,005	4,533,736	4,723,005
<b>Amounts falling due 2-5 years</b>				
Bank loans	21,264,405	18,800,945	-	-
Other loans	193,551	294,012	193,551	294,012
<b>Amounts falling due after more than 5 years</b>				
Bank loans	7,157,250	7,625,000	-	-
	<u>37,762,703</u>	<u>34,786,642</u>	<u>4,824,298</u>	<u>5,110,697</u>

### 22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 1 April 2018 £	Group 29 March 2017 £	Company 1 April 2018 £	Company 29 March 2017 £
Within one year	113,128	79,002	51,416	17,418
Between 1-5 years	80,420	77,214	42,777	11,002
Over 5 years	56,401	45,278	40,940	785
	<u>249,949</u>	<u>201,494</u>	<u>135,133</u>	<u>29,205</u>

# The Manor House Hotel (Castle Combe) Limited

## Notes to the Financial Statements For the period ended 1 April 2018

### 23. Financial instruments

	Group 1 April 2018 £	Group 29 March 2017 £	Company 1 April 2018 £	Company 29 March 2017 £
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	203,566	-	-	-
Financial assets that are debt instruments measured at amortised cost	7,037,451	6,043,803	15,142,025	14,553,574
	<u>7,241,017</u>	<u>6,043,803</u>	<u>15,142,025</u>	<u>14,553,574</u>
<b>Financial liabilities</b>				
Financial liabilities measured at fair value through profit or loss	-	(20,249)	-	-
Financial liabilities measured at amortised cost	(45,843,443)	(42,387,792)	(21,371,306)	(22,867,810)
	<u>(45,843,443)</u>	<u>(42,408,041)</u>	<u>(21,371,306)</u>	<u>(22,867,810)</u>

Financial assets measured at fair value through profit or loss in the current year 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 fair value through profit or loss in the prior year comprise interest rate swap contracts.

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

### 24. Deferred taxation

#### Group

	2018 £	2017 £
At beginning of year	346,621	(22,158)
Charged to profit or loss	374,386	368,779
<b>At end of year</b>	<u>721,007</u>	<u>346,621</u>

# The Manor House Hotel (Castle Combe) Limited

## Notes to the Financial Statements For the period ended 1 April 2018

### 24. Deferred taxation (continued)

#### Company

	2018 £	2017 £
At beginning of year	80,392	40,238
Charged to profit or loss	36,557	40,154
<b>At end of year</b>	<b>116,949</b>	<b>80,392</b>

The deferred tax asset is made up as follows:

	Group 1 April 2018 £	Group 29 March 2017 £	Company 1 April 2018 £	Company 29 March 2017 £
Accelerated capital allowances	721,007	346,621	116,949	80,392
	<b>721,007</b>	<b>346,621</b>	<b>116,949</b>	<b>80,392</b>

### 25. Provisions

#### Group

	Provision for losses in joint venture £
At 30 March 2017	413
Charged to profit or loss	20
<b>At 1 April 2018</b>	<b>433</b>

### 26. Share capital

	1 April 2018 £	29 March 2017 £
<b>Allotted, called up and fully paid</b>		
15,000,000 Ordinary shares of £1 each	15,000,000	15,000,000

# **The Manor House Hotel (Castle Combe) Limited**

## **Notes to the Financial Statements For the period ended 1 April 2018**

---

### **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 £4.4 million (2017: £10.3 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 £265,619 (2017: £391,672). Contributions totalling £12,339 (2017: £12,116) 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 £4,417,274 (2017: £4,617,274), £200,000 (2017: £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 £391,023 (2017: £484,703). 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 (2017: £450,000).

### **31. Controlling party**

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