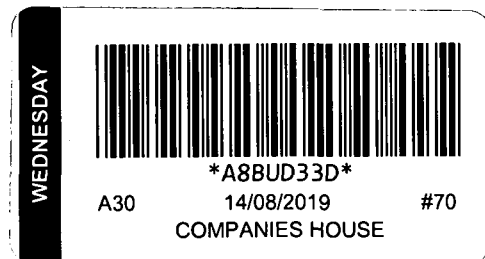


Company Registration No. 02965452 (England and Wales)

The Bath Priory Limited

**Annual report and financial statements
for the period ended 30 December 2018**



The Bath Priory Limited

Company information

Directors	Andrew Brownsword	
	Jeremy Hancock	
	Christina Brownsword	
	Stephanie Hocking	
	Peter Tyrrell	(Appointed 20 December 2018)
	Alessandra Brownsword-Matthews	(Appointed 15 May 2019)
	David Matthews	(Appointed 15 May 2019)
Secretary	Peter Tyrrell	
Company number	02965452	
Registered office	8 Gay Street Bath BA1 2PH	
Independent auditor	Saffery Champness LLP St Catherine's Court Berkeley Place Clifton Bristol BS8 1BQ	

The Bath Priory Limited

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The Bath Priory Limited

Strategic report

For the period ended 30 December 2018

The directors present the strategic report for the period ended 30 December 2018.

Fair review of the business

The profit for the period 30 December 2018, after taxation, amounted to £1,813,714 (period ended 31 December 2017: £1,728,752).

Sales remained flat year on year, however it should be noted that the Minster Mill was closed for the final 2 months of the period for complete refurbishment and rebranding which impacted both sales and profit.

Despite tough market conditions the company continued with its re-investment and refurbishment plans across all hotels in addition to the previously mentioned temporary closure of the Minster Mill. Tighter control combined with greater efficiencies resulted in continued profit after taxation growth year on year.

Principal risks and uncertainties

The company manages competitive trading risk by providing high quality services and maintaining strong relationships with its customers.

In line with the hotel and restaurant industry generally, the business is exposed to normal economic and market factors which ultimately reflect the strength of the economy and the strength of local conditions. This is affected by business usage and tourism as well as normal seasonal factors and weather conditions.

The directors believe the company is well placed to compete in the market despite challenging market conditions.

Development and performance

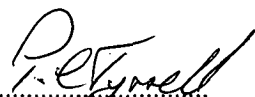
It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

Key performance indicators

The core key performance indicators tracked by the business include revenue per room, occupancy rates and EBITDA as well as non-financial measures.

During the period, the company performed well against these measures and the directors are pleased with the overall performance.

On behalf of the board



Peter Tyrrell

Director

9/8/2019

The Bath Priory Limited

Directors' report

For the period ended 30 December 2018

The directors present their annual report and financial statements for the period ended 30 December 2018.

Principal activities

The principal activity of the company continued to be that of the provision of accommodation and restaurant services.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Andrew Brownsword

Jeremy Hancock

Christina Brownsword

Stephanie Hocking

Jocelyn Houghton

(Resigned 20 December 2018)

Peter Tyrrell

(Appointed 20 December 2018)

Alessandra Brownsword-Matthews

(Appointed 15 May 2019)

David Matthews

(Appointed 15 May 2019)

Results and dividends

The results for the period are set out on page 7.

The director's report does not include a fair review of the business, details of the risks and uncertainties and future developments, as this information is documented within the Strategic Report as required under s414C (11).

Disabled persons

The Bath Priory Limited is an equal opportunities employer and gives disabled people full and fair consideration for vacancies for which they apply, having regard for their particular aptitudes and abilities. It is the company's policy to offer training and career development to disabled employees that is, as far as possible, the same as that offered to other employees.

Employee involvement

The company is committed to sharing information about developments within the business with all employees and encourages feedback and suggestions from all employees.

Auditor

Saffery Champness LLP have expressed their willingness to continue in office.

The Bath Priory Limited

Directors' report (continued)

For the period ended 30 December 2018

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

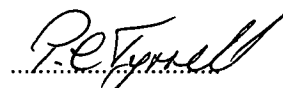
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Peter Tyrrell

Director

Date: 9/8/19

The Bath Priory Limited

Independent auditor's report

To the members of The Bath Priory Limited

Opinion

We have audited the financial statements of The Bath Priory Limited (the 'company') for the period ended 30 December 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 December 2018 and of its 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

The Bath Priory Limited

Independent auditor's report (continued) To the members of The Bath Priory Limited

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 our audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The Bath Priory Limited

Independent auditor's report (continued)
To the members of The Bath Priory Limited

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 on the Financial Reporting Council's website at: <http://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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Saffery Champness LLP

Michael Strong (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

12/8/19

Chartered Accountants
Statutory Auditors

St Catherine's Court
Berkeley Place
Clifton
Bristol
BS8 1BQ

The Bath Priory Limited

**Statement of comprehensive income
For the period ended 30 December 2018**

		Period ended 30 December 2018 £	Period ended 31 December 2017 £
	Notes		
Turnover	3	28,070,700	28,295,827
Cost of sales		(15,004,812)	(15,345,936)
Gross profit		13,065,888	12,949,891
Administrative expenses		(10,355,218)	(10,404,202)
Other operating income		21,183	10,250
Operating profit	4	2,731,853	2,555,939
Interest receivable and similar income	6	13,758	5,530
Interest payable and similar expenses	7	(482,527)	(410,849)
Profit before taxation		2,263,084	2,150,620
Tax on profit	8	(449,370)	(421,868)
Profit for the financial period		1,813,714	1,728,752


The Income Statement has been prepared on the basis that all operations are continuing operations.

The Bath Priory Limited

**Statement of financial position
As at 30 December 2018**

			2018	2017
	Notes	£	£	£
Fixed assets				
Tangible assets	9		77,260,741	77,923,847
Current assets				
Stocks	11	397,048		548,156
Debtors	12	2,045,982		964,829
Cash at bank and in hand		6,941,299		6,038,059
		<u>9,384,329</u>		<u>7,551,044</u>
Creditors: amounts falling due within one year	13	<u>(26,923,073)</u>	<u>(27,632,059)</u>	
Net current liabilities			<u>(17,538,744)</u>	<u>(20,081,015)</u>
Total assets less current liabilities			<u>59,721,997</u>	<u>57,842,832</u>
Provisions for liabilities	15		<u>(1,172,164)</u>	<u>(1,106,713)</u>
Net assets			<u><u>58,549,833</u></u>	<u><u>56,736,119</u></u>
Capital and reserves				
Called up share capital	18	44,850,280		44,850,280
Profit and loss reserves		13,699,553		11,885,839
Total equity			<u><u>58,549,833</u></u>	<u><u>56,736,119</u></u>

The financial statements were approved by the board of directors and authorised for issue on 9/8/19 and are signed on its behalf by:


Peter Tyrrell
Director

Company Registration No. 02965452

The Bath Priory Limited

**Statement of changes in equity
For the period ended 30 December 2018**

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 2 January 2017	44,850,280	10,157,087	55,007,367
Period ended 31 December 2017:			
Profit and total comprehensive income for the period	-	1,728,752	1,728,752
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	44,850,280	11,885,839	56,736,119
Period ended 30 December 2018:			
Profit and total comprehensive income for the period	-	1,813,714	1,813,714
	<hr/>	<hr/>	<hr/>
Balance at 30 December 2018	<u>44,850,280</u>	<u>13,699,553</u>	<u>58,549,833</u>

The Bath Priory Limited

Statement of cash flows

For the period ended 30 December 2018

		2018		2017	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	23	2,283,224		3,864,777	
Interest paid		(482,527)		(410,849)	
Income taxes (paid)/refunded		(286,244)		157,652	
Net cash inflow from operating activities		1,514,453		3,611,580	
Investing activities					
Purchase of tangible fixed assets		(624,971)		(1,389,736)	
Interest received		13,758		5,530	
Net cash used in investing activities		(611,213)		(1,384,206)	
Net increase in cash and cash equivalents		903,240		2,227,374	
Cash and cash equivalents at beginning of period		6,038,059		3,810,685	
Cash and cash equivalents at end of period		6,941,299		6,038,059	

The Bath Priory Limited

Notes to the financial statements

For the period ended 30 December 2018

1 Accounting policies

Company information

The Bath Priory Limited is a private company limited by shares incorporated in England and Wales. The registered office is 8 Gay Street, Bath, BA1 2PH.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The financial statements of the company are drawn up to either a 52 or 53 week period each year which is in accordance with the company management accounts. This is in line with the Companies Act 2006 as the period end is never more than seven days before or after the year end date of 31 December each year.

1.2 Going concern

The directors have prepared the financial statements on a going concern basis, as in their opinion the company is able to meet its obligations as they fall due. This opinion is based on detailed forecasting for the following 12 months based on current and expected market conditions together with current performance levels.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Accommodation is recognised when a room is occupied; food and beverage revenue is recognised when food and beverages are sold; spa and beauty revenue is recognised when treatments are provided or products sold; sundry and other revenues, consisting of items such as room hire and car parking, are recognised at the point of sale.

Notes to the financial statements (continued)
For the period ended 30 December 2018

1 Accounting policies (continued)

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	Nil - 10% straight line
Plant & machinery	5 - 20% straight line
Fixtures & fittings	10 - 25% straight line
Computer equipment	25 - 33% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

It is the company's practice to maintain its property in a continual state of sound repair and to extend and make improvements thereto from time to time. Accordingly, the directors consider that the life of the asset and residual value, based on the price prevailing at the time of acquisition, is such that its depreciation would be insignificant. Although this accounting policy is a departure from the requirements of the Companies Act 2006 for all tangible assets to be depreciated, the directors are of the opinion that providing for depreciation on freehold properties would prevent the accounts from showing a true and fair view.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1 Accounting policies (continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks comprise raw materials and finished goods which are food and beverages respectively. Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

1 Accounting policies (continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Notes to the financial statements (continued)
For the period ended 30 December 2018

1 Accounting policies (continued)

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as 'creditors: amounts falling due within one year' if payment is due within one year or less. If not, they are presented as 'creditors: amounts falling due after more than one year'. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities classified as payable within one year are not amortised.

Other financial liabilities

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through profit or loss.

Derivatives, including interest rate swaps and forward foreign exchange contracts, 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 profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

1 Accounting policies (continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Contributions in respect of the company's defined contribution pension scheme are charged to the profit and loss account for the period in which they are payable to the scheme. Differences between contributions payable and contributions actually paid in the period are shown either as accruals or prepayments at the period end.

Notes to the financial statements (continued)

For the period ended 30 December 2018

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2018	2017
	£	£
Turnover		
Bedrooms	14,098,364	14,189,791
Food	8,364,492	8,715,158
Beverage	3,937,229	3,970,381
Spas and beauty	934,198	744,851
Sundry and other revenue	736,417	675,646
	<u>28,070,700</u>	<u>28,295,827</u>

4 Operating profit

	2018	2017
	£	£
Operating profit for the period is stated after charging/(crediting):		
Exchange gains	-	(2,284)
Fees payable to the company's auditor for the audit of the company's financial statements	31,000	30,750
Depreciation of owned tangible fixed assets	1,148,113	1,107,903
Loss/(profit) on disposal of tangible fixed assets	139,964	(569)
Cost of stocks recognised as an expense	<u>3,767,037</u>	<u>3,778,507</u>

The Bath Priory Limited

Notes to the financial statements (continued)
For the period ended 30 December 2018

5 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	2018	2017
	Number	Number
Employees	529	497

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	9,861,394	9,911,754
Social security costs	726,958	773,916
Pension costs	95,873	72,337
	<u>10,684,225</u>	<u>10,758,007</u>

6 Interest receivable and similar income

	2018	2017
	£	£
Interest income		
Interest on bank deposits	13,758	3,688
Other interest income	-	1,842
	<u>13,758</u>	<u>5,530</u>

7 Interest payable and similar expenses

	2018	2017
	£	£
Other finance costs:		
Other interest	482,527	410,849

The Bath Priory Limited

Notes to the financial statements (continued)
For the period ended 30 December 2018

8 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	383,919	286,241
Adjustments in respect of prior periods	-	(19,965)
Total current tax	<u>383,919</u>	<u>266,276</u>
Deferred tax		
Origination and reversal of timing differences	71,267	156,838
Changes in tax rates	(5,816)	(18,306)
Other adjustments	-	17,060
Total deferred tax	<u>65,451</u>	<u>155,592</u>
Total tax charge	<u>449,370</u>	<u>421,868</u>

The actual charge for the period can be reconciled to the expected charge for the period based on the profit or loss and the standard rate of tax as follows:

	2018	2017
	£	£
Profit before taxation	<u>2,263,084</u>	<u>2,150,620</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	429,986	413,921
Tax effect of expenses that are not deductible in determining taxable profit	33,584	32,085
Tax effect of income not taxable in determining taxable profit	-	(691)
Other permanent differences	(5,816)	(2,905)
Tax rate changes	(8,384)	(18,306)
Transfer pricing adjustments	-	(1,161)
Effects of other reliefs	-	(1,075)
Taxation for the period	<u>449,370</u>	<u>421,868</u>

The Bath Priory Limited

Notes to the financial statements (continued)
For the period ended 30 December 2018

9 Tangible fixed assets

	Freehold property and property improvements	Plant & machinery	Computer equipment	Fixtures & fittings	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2018	73,236,625	4,957,654	790,937	5,379,152	17,953	84,382,321
Additions	127,849	275,934	15,638	205,550	-	624,971
Disposals	-	(170,782)	-	(8,016)	-	(178,798)
At 30 December 2018	73,364,474	5,062,806	806,575	5,576,686	17,953	84,828,494
Depreciation						
At 1 January 2018	322,474	2,204,479	508,539	3,405,029	17,953	6,458,474
Charge for the period	168,899	431,889	171,931	375,394	-	1,148,113
Eliminated in respect of disposals	-	(37,250)	-	(1,584)	-	(38,834)
At 30 December 2018	491,373	2,599,118	680,470	3,778,839	17,953	7,567,753
Carrying amount						
At 30 December 2018	72,873,101	2,463,688	126,105	1,797,847	-	77,260,741
At 31 December 2017	72,914,151	2,753,175	282,398	1,974,123	-	77,923,847

10 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,348,625	125,646
Carrying amount of financial liabilities		
Measured at amortised cost	24,909,314	25,234,193

The Bath Priory Limited

Notes to the financial statements (continued)
For the period ended 30 December 2018

11 Stocks

	2018	2017
	£	£
Raw materials and consumables	59,258	59,258
Finished goods and goods for resale	337,790	488,898
	<u>397,048</u>	<u>548,156</u>

12 Debtors

	2018	2017
	£	£
Amounts falling due within one year:		
Trade debtors	85,553	118,403
Other debtors	1,263,072	218,700
Prepayments and accrued income	697,357	627,726
	<u>2,045,982</u>	<u>964,829</u>

13 Creditors: amounts falling due within one year

		2018	2017
	Notes	£	£
Other borrowings	14	23,000,000	23,000,000
Trade creditors		715,817	1,188,416
Corporation tax		383,919	286,241
Other taxation and social security		275,533	634,641
Other creditors		1,477,833	1,571,718
Accruals and deferred income		1,069,971	951,043
		<u>26,923,073</u>	<u>27,632,059</u>

The Bath Priory Limited

Notes to the financial statements (continued)
For the period ended 30 December 2018

14 Loans and overdrafts

	2018 £	2017 £
Other loans	23,000,000	23,000,000
	<u>23,000,000</u>	<u>23,000,000</u>
Payable within one year	23,000,000	23,000,000
	<u>23,000,000</u>	<u>23,000,000</u>

The balance due is to Andrew Brownsword, sole shareholder of The Bath Priory Limited, and is repayable on demand. Interest will accrue on the Loan at the rate of 1.5% per annum above the base rate from time to time of National Westminster Bank PLC.

15 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	16	1,172,164	1,106,713
		<u>1,172,164</u>	<u>1,106,713</u>

16 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2018 £	Liabilities 2017 £
Balances:		
Accelerated capital allowances	1,175,100	1,108,623
Other	(2,936)	(1,910)
	<u>1,172,164</u>	<u>1,106,713</u>
Movements in the period:		2018 £
Liability at 1 January 2018		1,106,713
Charge to profit or loss		65,451
		<u>1,172,164</u>
Liability at 30 December 2018		<u>1,172,164</u>

Notes to the financial statements (continued)
For the period ended 30 December 2018

16 Deferred taxation (continued)

The deferred tax liability set out above is expected to reverse after 12 months and relates to accelerated capital allowances that are expected to mature after that time.

Legislation was introduced in Finance Bill 2016 to reduce the main rate of corporation tax to 17% for Financial Year 2020. As this is the substantively enacted rate, this has been applied in calculating the deferred tax provision.

17 Retirement benefit schemes

	2018	2017
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	95,873	72,337

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

18 Share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
44,850,280 Ordinary shares of £1 each	44,850,280	44,850,280

Shares rank equally for voting purposes. On a show of hands, each member shall have one vote and on a poll each member shall have one vote per share held.

19 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2018	2017
	£	£
Acquisition of tangible fixed assets	4,050,336	39,395

20 Ultimate controlling party

The company is owned and controlled by Andrew Brownsword, by virtue of his 100% shareholding in the company.

21 Related party transactions

No guarantees have been given or received.

The company is controlled by Andrew Brownsword, a director of the company. The company undertakes its transactions on an "arm's length basis" and the following transactions are disclosed in accordance with FRS 102 section 33 "Related Party Transactions".

Andrew Brownsword was invoiced £3,430 (period ended 31 December 2017: £5,850) by The Bath Priory Limited for sales in the period. A balance of £549 (period ended 31 December 2017: £494) was outstanding at period end.

During the period, a total amount of £6,110 (period ended 31 December 2017: £3,371) was payable to Andrew Brownsword for the provision of administrative services. £nil (period ended 31 December 2017: £nil) was outstanding at period end.

A loan to the company of £23,000,000 (period ended 31 December 2017: £23,000,000) from Andrew Brownsword was outstanding at the period end. Interest on this loan accrued at a rate of 1.5% above the base rate of the company's bankers, Natwest Bank. During the period, interest of £482,527 (period ended 31 December 2017: £410,849) accrued on the loan of which £nil (period ended 31 December 2017: £nil) was outstanding at the period end. The loan is repayable on demand.

Paxton & Whitfield Limited is owned and controlled by Andrew Brownsword. During the period, The Bath Priory Limited made purchases from Paxton & Whitfield Limited totalling £27,060 (period ended 31 December 2017: £36,686). A balance of £481 (period 31 December 2017: £3,360) was outstanding at the period end.

Andrew Brownsword Hotels Limited is owned and controlled by Andrew Brownsword. During the period, a total amount of £1,723,030 (period ended 31 December 2017: £1,755,030) was payable to Andrew Brownsword Hotels Limited for the provision of management and other services. A creditor of £253,606 (period ended 31 December 2017: £265,764) was outstanding at the period end. Sales of £33,300 (period ended 31 December 2017: £37,373) were also made to Andrew Brownsword Hotels Limited during the period. A debtor of £2,922 (period ended 31 December 2017: £8,392) was outstanding at the period end.

Walton Street LLP is owned and controlled by Andrew Brownsword. During the period, The Bath Priory Limited made sales to Walton Street of £900 (period ended 31 December 2017: £208). £nil was outstanding at the period end (period ended 31 December 2017: £250).

The Bath Priory Limited

Notes to the financial statements (continued)

For the period ended 30 December 2018

21 Related party transactions (continued)

The Royal Clarence Hotel Limited is a 100% subsidiary of Andrew Brownsword Hotels Limited, owned and controlled by Andrew Brownsword. During the period, The Bath Priory Limited made purchases of £nil (period ended 31 December 2017: £403) from The Royal Clarence Hotel Limited. A creditor of £nil (period ended 31 December 2017: £nil) was outstanding at the period end. Sales of £947 (period ended 31 December 2017: £842) were made during the period to The Royal Clarence Hotel Limited. £nil (period ended 31 December 2017: £327) was outstanding at the period end.

The Manchester Abode Limited is a 100% subsidiary of Andrew Brownsword Hotels Limited, owned and controlled by Andrew Brownsword. During the period, The Bath Priory Limited made purchases of £1,673 (period ended 31 December 2017: £13,628) from The Manchester Abode Limited. A balance of £nil (period ended 31 December 2017: £1,981) was outstanding at the period end. Sales of £6,059 (period ended 31 December 2017: £4,075) were made during the period to The Manchester Abode Limited. A balance of £880 (period ended 31 December 2017: £5,477) was outstanding at the period end.

The Chester Abode Limited is a 100% subsidiary of Andrew Brownsword Hotels Limited, owned and controlled by Andrew Brownsword. During the period, The Bath Priory Limited made purchases of £3,128 (period ended 31 December 2017: £813). A balance of £nil (period ended 31 December 2017: £nil) was outstanding at the period end. Sales of £7,070 (period ended 31 December 2017: £398) were made during the period to The Chester Abode Limited. A balance of £998 (period ended 31 December 2017: £1,238) was outstanding at the period end.

The County Hotel Canterbury Limited is a 100% subsidiary of Andrew Brownsword Hotels Limited, owned and controlled by Andrew Brownsword. During the period, The Bath Priory Limited made purchases of £280 (period ended 31 December 2017: £2,911) from The County Hotel Canterbury Limited. A balance of £nil (period ended 31 December 2017: £nil) was outstanding at the period end. Sales of £9,361 (period ended 31 December 2017: £1,316) were made during the period to The County Hotel Canterbury Limited. A balance of £918 (period ended 31 December 2017: £1,406) was outstanding at the period end.

The Arthouse Glasgow Limited is a 100% subsidiary of Andrew Brownsword Hotels Limited, owned and controlled by Andrew Brownsword. During the period, The Bath Priory Limited made purchases of £12,700 (period ended 31 December 2017: £11,632) from The Arthouse Glasgow Limited. A balance of £600 (period ended 31 December 2017: £800) was outstanding at the period end. Sales of £10,867 (period ended 31 December 2017: £782) were made during the period to The Arthouse Glasgow Limited. A balance of £1,039 (period ended 31 December 2017: £1,008) was outstanding at the period end.

22 Contingent assets

As at the date of signing the financial statements, the company is undergoing a claim against various financial institutions in relation to finance charges. Although settlement is considered probable, the expected settlement cannot be reliably estimated at this stage.

The Bath Priory Limited

Notes to the financial statements (continued)
For the period ended 30 December 2018

23 Cash generated from operations

	2018	2017
	£	£
Profit for the period after tax	1,813,714	1,728,752
Adjustments for:		
Taxation charged	449,370	421,868
Finance costs	482,527	410,849
Investment income	(13,758)	(5,530)
Loss/(gain) on disposal of tangible fixed assets	139,964	(569)
Depreciation and impairment of tangible fixed assets	1,148,113	1,107,903
Movements in working capital:		
Decrease in stocks	151,108	28,272
(Increase)/decrease in debtors	(1,081,153)	40,130
(Decrease)/increase in creditors	(806,661)	133,102
Cash generated from operations	<u><u>2,283,224</u></u>	<u><u>3,864,777</u></u>