

# Rhinefield House Hotel Limited

Report and Financial Statements

Period Ended

29 December 2022

Company Number 03785381

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# Rhinefield House Hotel Limited

## Company Information

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<b>Directors</b>	D Waddell P Herbert
<b>Company secretary</b>	Vistra Company Secretaries Limited
<b>Registered number</b>	03785381
<b>Registered office</b>	The Old Library The Drive Sevenoaks Kent TN13 3AB
<b>Independent auditor</b>	BDO LLP 55 Baker Street London United Kingdom W1U 7EU

# Rhinefield House Hotel Limited

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# Rhinefield House Hotel Limited

## Strategic Report For the Period Ended 29 December 2022

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### Introduction

The directors present their Strategic Report for the 52 week period ended 29 December 2022 (2021: 57 week period). The comparative period was a 57 week period to 30 December 2021.

### Business review

The hotel turnover has increased by 20.0% to £4,661k (2021: £3,884k). Operating loss was £1,270k compared to £1,106k in 2021. EBITDA for the period was negative £744k compared to £486k for 2021.

Rooms performance showed an increase of 9.1% in occupancy for the period and an increase of £13.8 in revpar (revenue per available room).

The hotel has continued to operate within the upmarket country house hotel business and has maintained the assets of the business through a programme of improvements to services and facilities.

Despite the challenging times as a result of COVID-19, and its negative impact on the economy especially within the hospitality industry, the directors still remain optimistic as to the future success of the company.

### Principal risks and uncertainties

The directors consider the following to be principal risks and uncertainties facing the company:

- financial and operational impact of the coronavirus pandemic;
- ongoing economic conditions such as recession, currency volatility, inflationary pressures on supply chain, utility prices, and human capital, Brexit, the ongoing conflict in Ukraine, and other macroeconomic factors;
- leisure and conferencing buying patterns;
- changes to government regulations including legislation on employees, environmental and health and safety; and
- natural disasters

The directors take a regular review of the company's exposure to these risks.

### Expansion for the future

We are maintaining our investment in constantly upgrading and improving our existing bedroom stock.

Since re-opening after Covid, we have focused on up-levelling to a higher quality product, with a refined long-term business model. In the near-term we have seen buoyant demand in many of the sectors that the business serves. International visitors and business conferences and events saw a significant reduction globally during the pandemic, but the directors believe the hotel is well placed to serve these markets as confidence gradually returns to these sectors.

All current indicators suggest that our customers' appetite for our products is strong and that the company's key target markets will continue to grow in future.

### Environment

The hotel operates in a beautiful location and it is in our best interests to minimise the impact upon the environment, particularly by energy saving initiatives within the hotel.

# Rhinefield House Hotel Limited

Strategic Report (continued)  
For the Period Ended 29 December 2022

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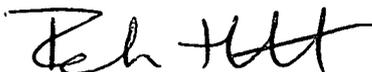
## Personnel

We clearly understand that our employees are the most valuable asset in the company. We continue to invest in training and skills development programmes. We intend to continue our philosophy and invest in our staff. The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

## Disabled employees

The company gives full consideration to applications for employment from disabled persons where a handicapped or disabled person can handle the requirements of the job. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees where appropriate.

This report was approved by the board on 27 September 2023.



**P Herbert**  
Director

# Rhinefield House Hotel Limited

## Directors' Report For the Period Ended 29 December 2022

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The directors present their report and the financial statements for the 52 week period ended 29 December 2022 (2021: 57 week period).

### Principal activity

The company's principal activity during the period continued to be that of the ownership and operation of the Rhinefield House Hotel.

### Results and dividends

The loss for the period, after taxation, amounted to £1,730k (2021 - £1,540k).

No dividends were paid during the current and previous period.

### Financial instruments

The company is exposed to the usual credit risk and cash flow movement involved with selling on credit and manages this through the company credit policy. The policy is to finance working capital through retained earnings and finance fixed assets through long term borrowings on fixed rates. The group of which the company is part has borrowings in sterling on fixed and floating interest rates with an interest rate swap in place, the profile of which is reviewed on a regular basis. The counterparty to the majority of the group's financial instruments (other than its shareholders) is its bankers; the company is exposed to minimal credit and liquidity risks in respect of these instruments.

The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of the company's financial position or result.

### Going concern

The company and wider group have been negatively impacted by Coronavirus during 2020-22, and more recently impacted by high inflation, rising interest rates and other economic factors impacting on consumer spending and costs, including wages, utilities, food and beverage. These have been and continue to be closely monitored and responded to by the company and group directors. Further information in this regard is provided in Note 1 to these financial statements, including the basis on which the board has concluded that it remains appropriate to adopt the going concern basis of preparation.

### Directors

The directors who served during the period were:

D Waddell  
P Herbert (appointed 21 October 2022)  
H O'Connor (resigned 21 October 2022)

# Rhinefield House Hotel Limited

## Directors' Report (continued) For the Period Ended 29 December 2022

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### Directors' responsibilities

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

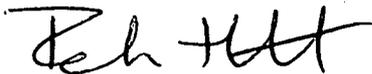
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Provision of information to auditor

Each of the persons who was a director at the time when this report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing their report and to establish that the company's auditor is aware of that information.

This report was approved by the board on 27 September 2023 and signed on its behalf.



**P Herbert**  
Director

# Rhinefield House Hotel Limited

## Independent Auditor's Report to the Members of Rhinefield House Hotel Limited

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### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 29 December 2022 and of its loss 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.

We have audited the financial statements of Rhinefield House Hotel Limited (the 'company') for the period ended 29 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the 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).

### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

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.

### Material uncertainty related to going concern

We draw attention to note 1 to the financial statements explains that the company remain reliant on the ongoing support of the ultimate shareholders, which is not legally binding, to enable them to continue as a going concern. As explained in note 1, these events, along with the other matters set out in note 1, indicate that a material uncertainty exists that may cast significant doubt over the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

# Rhinefield House Hotel Limited

## Independent Auditor's Report to the Members of Rhinefield House Hotel Limited (continued)

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### Other information

The directors are responsible for the other information. The other information comprises the information included in the report and financial statements, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

### Other Companies Act 2006 reporting

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

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 or the Directors' 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, 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 statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

# Rhinefield House Hotel Limited

## Independent Auditor's Report to the Members of Rhinefield House Hotel Limited (continued)

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### 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.

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company. These include, but are not limited to, compliance with the Companies Act, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.
- We considered compliance with these laws and regulations through discussions with management and those charged with governance.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. We identified the potential for in the following areas and performed the following procedures:
  - management override of controls: we evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates and judgements. Audit procedures performed included:
    - challenging assumptions made by management in their significant accounting estimates;
    - identifying and testing journal entries, in particular any journal entries to revenue which are not in line with expectations and reviewing journal entries for journals inconsistent with the usual transactions of the company.
  - revenue recognition: existence of revenue, application of cut off at, and measurement of accrued income to, the year-end. We reconciled annual revenue to cash receipts, reviewed transactions pre and post year end to check that the associated revenue is reflected in the correct period.
- We identified areas at risk of management bias and reviewed key estimates and judgements applied by Management in the financial statements to assess their appropriateness; and
- We remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

# Rhinefield House Hotel Limited

## Independent Auditor's Report to the Members of Rhinefield House Hotel Limited (continued)

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### 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.

DocuSigned by:  
*Ian Clayden*  
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**Ian Clayden** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London  
United Kingdom

Date: 27 September 2023

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

# Rhinefield House Hotel Limited

## Statement of Comprehensive Income For the Period Ended 29 December 2022

	Note	Period ended 29 December 2022 £	Period ended 30 December 2021 £
Turnover	3	4,661,073	3,883,550
Cost of sales		(1,032,241)	(850,397)
<b>Gross profit</b>		<b>3,628,832</b>	<b>3,033,153</b>
Administrative expenses		(4,904,595)	(4,332,497)
Other operating income	4	6,000	193,104
<b>Operating loss</b>	5	<b>(1,269,763)</b>	<b>(1,106,240)</b>
Interest payable	7	(460,422)	(433,928)
<b>Loss before tax</b>		<b>(1,730,185)</b>	<b>(1,540,168)</b>
Tax on loss	8	-	-
<b>Loss for the financial period</b>		<b>(1,730,185)</b>	<b>(1,540,168)</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b>(1,730,185)</b>	<b>(1,540,168)</b>

All amounts relate to continuing operations.

The notes on pages 12 to 24 form part of these financial statements.

# Rhinefield House Hotel Limited

Registered number: 03785381

## Statement of Financial Position As at 29 December 2022

	Note	29 December 2022 £	30 December 2021 £
<b>Fixed assets</b>			
Tangible fixed assets	9	7,579,719	8,044,603
Investments	10	2	2
		<u>7,579,721</u>	<u>8,044,605</u>
<b>Current assets</b>			
Stocks	11	62,114	48,381
Debtors: amounts falling due within one year	12	172,101	253,269
Cash and cash equivalents		135,123	63,310
		<u>369,338</u>	<u>364,960</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	13	(11,551,936)	(10,268,272)
<b>Net current liabilities</b>		<u>(11,182,598)</u>	<u>(9,903,312)</u>
<b>Non-current liabilities</b>			
Creditors: amounts falling due after more than one year	14	(107,490)	(121,475)
<b>Net liabilities</b>		<u>(3,710,367)</u>	<u>(1,980,182)</u>
<b>Capital and reserves</b>			
Called up share capital	15	4,450,002	4,450,002
Profit and loss account	16	(8,160,369)	(6,430,184)
<b>Total shareholders' deficits</b>		<u>(3,710,367)</u>	<u>(1,980,182)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 September 2023.



**P Herbert**  
Director

The notes on pages 12 to 24 form part of these financial statements.

# Rhinefield House Hotel Limited

## Statement of Changes in Equity For the Period Ended 29 December 2022

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	Share capital £	Profit and loss account £	Total equity £
At 27 November 2020	4,450,002	(4,890,016)	(440,014)
Loss for the period	-	(1,540,168)	(1,540,168)
At 30 December 2021	4,450,002	(6,430,184)	(1,980,182)
Loss for the period	-	(1,730,185)	(1,730,185)
At 29 December 2022	4,450,002	(8,160,369)	(3,710,367)

The notes on pages 12 to 24 form part of these financial statements.

# Rhinefield House Hotel Limited

## Notes to the Financial Statements For the Period Ended 29 December 2022

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### 1. Accounting policies

#### **General information**

Rhinefield House Hotel Limited is a private limited company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the Directors' Report.

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and 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 management to exercise judgement in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied consistently throughout the preceding and current period.

#### **Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Hand Picked Hotels Limited as at 29 December 2022 and these financial statements may be obtained from Companies House.

#### **Going concern**

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors Report or Strategic Report.

The company meets its day-to-day working capital requirements through use of its operating cash flows and loans provided by other members of the Hand Picked Hotels Limited group or ultimate shareholders.

The company is a subsidiary of Hand Picked Hotels Limited. As at 29 December 2022, the Group reported net liabilities of £31,311k (2021: £15,367k). Following repayments of bank loans of £30m during FY21, Hand Picked Hotels Limited has repaid all external non-related party borrowings. However, the Hand Picked Hotels Limited group reports amounts due to shareholders as at 29 December 2022 of £126.5m and continues to rely on shareholders for non-recall of these loans and for further funding as required as the group transitions back to a fully operating position subsequent to COVID-19 related restrictions.

It is not currently the intention of the Hand Picked Hotels Limited group to obtain new bank facilities. However, this may change in the future if considered commercially appropriate. As such, the group has no committed facilities.

# Rhinefield House Hotel Limited

## Notes to the Financial Statements For the Period Ended 29 December 2022

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### 1. Accounting policies (continued)

#### ***Going concern (continued)***

In assessing the appropriateness of the going concern assumption, the directors have prepared detailed cash flow forecasts for the company extending beyond 12 months from the date of approval of these financial statements. However, as a hotel operator, it is acknowledged that the global and UK outbreak of COVID-19 has had a profound impact on the business and may continue to do so. Additionally, during 2022 in particular the UK economy including the leisure and hospitality sector has been subject to increased volatility with regard to supply chain inflation, wage inflation, utility costs, and the related impacts on consumer disposable income and spending.

The above factors heighten the inherent uncertainty in forecasting the ongoing performance within the hotels sector and therefore the Hand Picked Hotels group alike, albeit the board acknowledge that trading conditions are widely to remain challenging in the short term and this continues to have an impact on the company's and group's forecasts.

The directors of the company and the wider group acknowledge that 'full trading' may look very different in future years than it did pre-COVID-19 and the management team have been planning for this with a restructuring of its operations in response to anticipated market demand, ultimately to profitably deliver enhanced quality of service at lower rates of occupancy.

In order to mitigate COVID-19 impacts on revenue since the UK became impacted by the pandemic, and in order to protect the longer term interests of the company and its employees, the company and wider group took measures to reduce and mitigate its cost base. However, in September 2022, the board announced increases in pay rates for its employees in order to support its workforce during a high inflationary period. Naturally as a significant employer, this will have a material impact on the group's cost base and this has been incorporated into these forecasts. To the extent necessary, shareholders have also provided additional funds in order to meet working capital requirements.

The company relies on intergroup loans in the form of non-recall and further funds as required, and as such remains reliant on the ongoing support of the ultimate shareholders. The directors of Hand Picked Hotels Limited have received a non-legally binding confirmation that this support will be forthcoming for no less than 12 months from the date of approval of the financial statements and therefore have concluded that is appropriate to prepare the financial statements on a going concern basis.

In so far as this support not being legally binding, the directors have identified a material uncertainty that may cast significant doubt over the company's and Group's ability to continue as a going concern for no less than 12 months from the date of approval of the financial statements.

Subsequent to the period end, further shareholder loans have been provided to the group amounting to £6.35m.

The financial statements do not include any adjustments that would result if the company were unable to continue as a going concern.

#### ***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. Turnover is recognised at the point at which goods and services are delivered to the customer. Deposits which have been received at the Statement of Financial Position date for which services have not yet been provided are shown as payments in advance within creditors. All turnover arose within the United Kingdom.

# Rhinefield House Hotel Limited

## Notes to the Financial Statements For the Period Ended 29 December 2022

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### 1. Accounting policies (continued)

#### ***Tangible fixed assets***

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold buildings core	- 50 years
Freehold buildings surface finishes and services	- 20 years
Fixtures and fittings	- 4 to 25 years

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 in the Statement of Comprehensive Income.

#### ***Investments***

Investments in subsidiaries are measured at cost less accumulated impairment.

#### ***Exemption from preparation of consolidated financial statements***

The company has taken advantage of section 400 of the Companies Act 2006 and elected not to prepare consolidated financial statements as it is included in the consolidated financial statements of a larger group. Accordingly, these financial statements show company only results and not group.

#### ***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.

#### ***Debtors***

Short term debtors are measured at transaction price, less any impairment. Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment.

# Rhinefield House Hotel Limited

## Notes to the Financial Statements For the Period Ended 29 December 2022

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### 1. Accounting policies (continued)

#### ***Creditors***

Short term creditors are measured at the transaction price. Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

#### ***Holiday pay accrual***

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the Statement of Financial Position date and carried forward to future years. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

#### ***Current and deferred taxation***

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income or 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 country where the company operates and generates taxable 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:

- 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### ***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.

#### ***Government grants***

Grants are accounted for under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in "other income" within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough'). The company has not directly benefited from any other forms of government assistance.

#### ***Related party transactions***

The company has taken advantage of the exemption under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose transactions with other wholly owned members of the group.

# Rhinefield House Hotel Limited

## Notes to the Financial Statements For the Period Ended 29 December 2022

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### 1. Accounting policies (continued)

#### ***Operating leases***

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease. Lease incentives received are recognised in the Statement of Comprehensive Income over the term of the lease as an integral part of the total lease expense.

#### ***Pensions***

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

The contributions are recognised as an expense in the 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 company in independently administered funds.

#### ***Financial Instruments***

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 a short term 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 short term 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 Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

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 of the recoverable amount, 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.

#### ***Interest***

Interest income and expense is recognised in the Statement of Comprehensive Income using the effective interest method.

# Rhinefield House Hotel Limited

## Notes to the Financial Statements For the Period Ended 29 December 2022

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

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's fixed assets. Factors taken into consideration in reaching such decisions include the economic viability and expected future financial performance of the assets and, where it is a component of a larger cash generating unit, the viability and expected future performance of that unit. An impairment charge of £nil (2021: £nil) has been recorded against the tangible fixed assets of the company. The directors have based their assessment of the carrying value of the tangible fixed assets on an independent third party red book valuation of the hotel assets performed by a RICS qualified valuer. The hotel property has been valued by reference to its trading potential, as this is the basis upon which such properties are most commonly bought and sold. Under this approach, the property is valued by assessing its Fair Maintainable Turnover (FMT) and the Fair Maintainable Operating Profit (FMOP) that could be generated at the Property by a Reasonably Efficient Operator (REO) of the business in a stabilised year of operation, which is the basis upon which a potential purchaser would be likely to base an offer. EBITDA has been adopted as the FMOP which is stated prior to deductions for finance costs, taxation, depreciation and amortisation. This figure is then capitalised at a yield which reflects the market's perception of the risk and desirability associated with the subject Property having regard to the sector's approach to value, the availability of properties and each asset's current and future trading potential.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 9)

Tangible fixed assets 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 a 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.

### 3. Turnover

All turnover arose within the United Kingdom and from hotel operations.

# Rhinefield House Hotel Limited

## Notes to the Financial Statements For the Period Ended 29 December 2022

### 4. Other operating income

	Period ended 29 December 2022 £	Period ended 30 December 2021 £
Furlough grant income	6,000	170,390
Other council grants receivable	-	22,714
	<u>6,000</u>	<u>193,104</u>

### 5. Operating loss

The operating loss is stated after charging:

	Period ended 29 December 2022 £	Period ended 30 December 2021 £
Depreciation of tangible fixed assets	526,085	620,428
Operating lease rentals - plant and machinery	1,517	1,785
Auditor's remuneration for audit services	5,892	7,050
	<u>533,494</u>	<u>629,263</u>

# Rhinefield House Hotel Limited

## Notes to the Financial Statements For the Period Ended 29 December 2022

### 6. Staff costs

	2022 £	2021 £
Wages and salaries	1,971,896	1,579,318
Social security costs	193,811	147,748
Other pensions costs	56,488	49,272
	<u>2,222,195</u>	<u>1,776,338</u>
Agency staff	195,590	111,264
	<u>2,417,785</u>	<u>1,887,602</u>

None of the directors received any remuneration for the period (2021: £nil).

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

	2022 Number	2021 Number
Hotel operations	57	48
Administration	8	8
	<u>65</u>	<u>56</u>

### 7. Interest payable

	2022 £	2021 £
Group interest payable	<u>460,422</u>	<u>433,928</u>

# Rhinefield House Hotel Limited

## Notes to the Financial Statements For the Period Ended 29 December 2022

### 8. Taxation

	2022 £	2021 £
<b>Current tax</b>		
UK corporation tax at 19% (2021: 19%)	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	-
<b>Taxation on loss on ordinary activities</b>	<u>-</u>	<u>-</u>
<b>Reconciliation of tax charge</b>		
	2022 £	2021 £
Loss on ordinary activities before tax	<u>(1,730,185)</u>	<u>(1,540,168)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	<u>(328,735)</u>	<u>(292,632)</u>
<b>Effects of:</b>		
Fixed asset differences	65,710	-
Expenses not deductible for tax purposes	123	82,362
Group relief surrendered	246,527	348,696
Remeasurement of deferred tax for changes in tax rates	(5,171)	(215,892)
Movement in deferred tax not recognised	21,546	77,466
<b>Total tax charge for the period</b>	<u>-</u>	<u>-</u>

# Rhinefield House Hotel Limited

## Notes to the Financial Statements For the Period Ended 29 December 2022

### 8. Taxation (continued)

The company has an unrecognised deferred tax asset of £1,170,075 (2021: £899,549) in respect of depreciation charged in excess of capital allowances at the end of the period and losses carried forward.

#### Factors affecting future tax charges

The substantively enacted tax rate remained at 19% as at the Statement of Financial Position date.

It was announced on 3 March 2021 that the main rate of corporation tax will increase from 19% to 25% from 1 April 2023. For profits up to £50,000, the corporation tax rate will remain at 19% and for profits over £250,000, the corporation tax rate will be 25%. Marginal relief provisions will also be introduced for profits between the lower and upper limits.

The Government included the above changes in the Finance Bill 2021 that had its third reading on 24 May 2021 and is now (subsequent to the year end) considered substantively enacted.

### 9. Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 31 December 2021	6,082,003	6,735,340	12,817,343
Additions	-	61,201	61,201
Disposals	-	(216,178)	(216,178)
At 29 December 2022	<u>6,082,003</u>	<u>6,580,363</u>	<u>12,662,366</u>
<b>Depreciation</b>			
At 31 December 2021	1,013,354	3,759,386	4,772,740
Charge for the period	52,181	473,904	526,085
Disposals	-	(216,178)	(216,178)
At 29 December 2022	<u>1,065,535</u>	<u>4,017,112</u>	<u>5,082,647</u>
<b>Net book value</b>			
At 29 December 2022	<u>5,016,468</u>	<u>2,563,251</u>	<u>7,579,719</u>
At 30 December 2021	<u>5,068,649</u>	<u>2,975,954</u>	<u>8,044,603</u>

Included in freehold land and buildings is freehold land of £1,094,500 (2021: £1,094,500) which is not depreciated.

# Rhinefield House Hotel Limited

## Notes to the Financial Statements For the Period Ended 29 December 2022

### 10. Investments

	Shares in subsidiary companies £
<b>Cost</b>	
At 31 December 2021 and at 29 December 2022	2
<b>Net book value</b>	
At 30 December 2021 and at 29 December 2022	2

#### Direct subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Class of shares	Holding
Rhinefield Timeshare Limited	England and Wales	100%	rdinary%
Rhinefield Timeshare Management Limited	England and Wales	100%	rdinary%

The registered office addresses are The Old Library, The Drive, Sevenoaks, Kent, TN13 3AB.

### 11. Stocks

	2022 £	2021 £
Goods for resale	62,114	48,381

### 12. Debtors: amounts falling due within one year

	2022 £	2021 £
Trade debtors	65,577	29,993
Amounts owed by group undertakings	23,121	39,782
Other debtors	56,817	123,511
Prepayments and accrued income	26,586	59,983
	<u>172,101</u>	<u>253,269</u>

# Rhinefield House Hotel Limited

## Notes to the Financial Statements For the Period Ended 29 December 2022

### 13. Creditors: amounts falling due within one year

	2022 £	2021 £
Payments received on account	595,793	907,572
Trade creditors	110,765	145,642
Bills of exchange	61,085	62,588
Amounts owed to group undertakings	10,387,946	8,873,781
Other creditors	29,783	58,433
Accruals and deferred income	366,564	220,256
	<u>11,551,936</u>	<u>10,268,272</u>

Interest is payable on amounts owed to group undertakings at 5%.

### 14. Creditors: amounts falling due after more than one year

	2022 £	2021 £
Other creditors	<u>107,490</u>	<u>121,475</u>

Other creditors relate to the leisure centre contribution by Rhinefield Timeshare Limited.

### 15. Share capital

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
4,450,002 Ordinary shares of £1.00 each	<u>4,450,002</u>	<u>4,450,002</u>

### 16. Reserves

#### Profit and loss account

This is cumulative profits or losses, net of dividends paid and other adjustments.

# Rhinefield House Hotel Limited

## Notes to the Financial Statements For the Period Ended 29 December 2022

### 17. Capital commitments

	2022 £	2021 £
Amounts contracted but not provided for	<u>33,342</u>	<u>41,523</u>

At the period end the company had entered into construction contracts with unrelated parties for an amount of £33,342 for various upgrade and improvement works.

### 18. Defined contribution pension plans

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £56,488 (2021: £49,272). Contributions payable to the fund at the period end included in creditors totalled £10,228 (2021: £6,675).

### 19. Commitments under operating leases

Total future minimum lease payments under non-cancellable operating leases:

	2022 £	2021 £
Falling due:		
Within one year	1,428	1,399
Between one to five years	4,641	-
	<u>6,069</u>	<u>1,399</u>

### 20. Contingent liabilities

As at the year end, the Hand Picked Hotels Limited group had no external, non-shareholder, borrowings (2021: £nil).

### 21. Ultimate parent company and controlling party

The company's immediate parent undertaking is Hand Picked Hotels Limited. The largest and smallest group in whose financial statements the results of the company will be consolidated is Hand Picked Hotels Limited. The consolidated financial statements of Hand Picked Hotels Limited will be available to the public and will be obtainable in due course from the Registrar of Companies, Companies House, Crown Way, Cardiff.

The ultimate parent company is Julian Holdings Limited, and the ultimate controlling party is Mr G Hands.

Julian Holdings Limited is a company incorporated in Guernsey, whose registered office address is PO Box 286, Floor 2 Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY.