

Barrough Hospitality Limited

Directors' Report and Financial Statements

Year Ended

31 December 2020

Company Number 04948514



Barrough Hospitality Limited

Company Information

Directors	D M Hare H R Carter R L File
Company secretary	S J Spare
Registered number	04948514
Registered office	The Estate Office Blenheim Palace Woodstock Oxfordshire OX20 1PP
Independent auditors	BDO LLP Two Snowhill Birmingham B4 6GA
Bankers	Barclays Bank plc 6th Floor One Snowhill Snow Hill Queensway Birmingham B4 6GN
Solicitors	Withers LLP 20 Old Bailey London EC4M 7AN

Barrough Hospitality Limited

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Barrough Hospitality Limited

Directors' Report For the Year Ended 31 December 2020

The Directors present their report and the financial statements for the year ended 31 December 2020.

Principal activity

The Company had three principal activities during the year. The Company is involved in the provision of office space, hospitality space and related services. Revenue is generated through the leasing of buildings, a contractual agreement for the provision of catering services and through bespoke events management.

Results

The loss for the year, after taxation, amounted to £1,690,639 (2019 - profit £2,458,556).

Directors

The Directors who served during the year were:

D M Hare
H R Carter
R L File

Directors' responsibilities statement

The Directors are responsible for preparing 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). 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; 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 to 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.

Qualifying third party indemnity provisions

During the year the Company maintained liability insurance for its Directors and officers. The provision, which is a qualifying third party indemnity provision as defined by section 233 of the Companies Act 2006, was in force throughout the period and is currently in force.

Barrough Hospitality Limited

Directors' Report (continued) For the Year Ended 31 December 2020

Going concern

In common with most businesses in the UK we have been affected by Covid-19. We have conducted a thorough reforecast of all our businesses in order to ensure that our cash flow is secure, that our covenants with Note Holders are not breached and to identify significant cost savings across our businesses. Across the wider Estate, we have made full use of the Government furlough scheme, deferring major projects and freezing all but essential capex.

In May 2020 we replaced a £20m overdraft facility with a £25m 2-year revolving credit facility (RCF) with Barclays to ensure sufficient liquidity is available. In January 2021, Blenheim Industrial Property Limited sold the Windrush Industrial Park providing a significant cash boost to the Group. Following the sale, the RCF remains available for use with a reduced limit of £10m, none of which is currently drawn.

Our forecasts show that with the support of Blenheim Finance Limited, a fellow subsidiary company of Vanbrugh Unit Trust, we will have sufficient liquidity to fund our operations for a period of at least twelve months from the date of approval of these financial statements and we are confident of not breaching our covenants with Note Holders. We are confident that our businesses are robust and well placed to trade through this difficult period.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

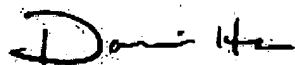
Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:



D M Hare
Director

Date: 25 May 2021

Barrough Hospitality Limited

Independent Auditor's Report to the Members of Barrough Hospitality Limited

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 31 December 2020 and of its loss for the year 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 Barrough Hospitality Limited ("the Company") for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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.

Material uncertainty related to going concern

We draw attention to note 2.3 to the financial statements, which refers to the impact of the ongoing Covid-19 pandemic on the Company. In addition, this entity is reliant on support provided by Blenheim Finance Limited in order to meet its liabilities as they fall due. This support is not legally binding. As stated in note 2.3, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' 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. 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.

Barrough Hospitality Limited

Independent Auditor's Report to the Members of Barrough Hospitality Limited (continued)

Other Companies Act 2006 reporting

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

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.

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.

Barrough Hospitality Limited

Independent Auditor's Report to the Members of Barrough Hospitality Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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 made enquiries of management, and the Board, including:
 - how they have identified, evaluated and complied with laws and regulations and whether they were aware of any instances of non-compliance;
 - their process for detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - which internal controls have been established to mitigate risks related to fraud or non-compliance with laws and regulations.
- 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 2006, UK GAAP and tax legislation.
- In addition, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law and data protection. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Those Charged with Governance and other management and inspection of regulatory and legal correspondence if any.
- We considered management's incentives and opportunities for fraudulent manipulation of the financial statements (including revenue recognition and 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.

Audit response to risks identified

- The Senior Statutory Auditor has assessed and concluded that the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations
- We reviewed the financial statement disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- We made enquiries of the Board and management
- We read minutes of meetings of those charged with governance, and reviewed correspondence with HMRC;
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; considered completeness of related party transactions; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- We challenged assumptions made by management in their significant accounting estimates in particular in relation to the assumptions related to the fair value of investment properties, valuation of investments and recoverability of intercompany and third party debtors.

Barrough Hospitality Limited

Independent Auditor's Report to the Members of Barrough Hospitality Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the 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:

Kyla Bellingall

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Kyla Bellingall (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham
United Kingdom

Date: 26 May 2021

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

Barrough Hospitality Limited

Statement of Comprehensive Income For the Year Ended 31 December 2020

	Note	2020 £	2019 £
Turnover	4	561,912	2,217,803
Cost of sales		(331,514)	(1,141,897)
Gross profit		230,398	1,075,906
Administrative expenses		(800,155)	(801,135)
Other operating income	5	82,493	33,314
Revaluation of investment properties		(902,000)	2,413,650
Operating (loss)/profit	6	(1,389,264)	2,721,735
Interest payable and similar expenses	9	(386,528)	(387,058)
(Loss)/profit before tax		(1,775,792)	2,334,677
Tax on (loss)/profit	10	85,153	123,879
(Loss)/profit for the financial year		(1,690,639)	2,458,556

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

The notes on pages 10 to 21 form part of these financial statements.

Barrough Hospitality Limited

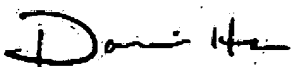
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Balance Sheet As at 31 December 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	11		32,592		83,087
Investments	12		989,803		1,012,546
Investment property	13		16,108,000		17,010,000
			<u>17,130,395</u>		<u>18,105,633</u>
Current assets					
Debtors: amounts falling due within one year	14	527,143		644,026	
Cash at bank and in hand		182,101		143,161	
		<u>709,244</u>		<u>787,187</u>	
Creditors: amounts falling due within one year	15	(13,003,742)		(12,276,367)	
Net current liabilities			<u>(12,294,498)</u>		<u>(11,489,180)</u>
Total assets less current liabilities			<u>4,835,897</u>		<u>6,616,453</u>
Provisions for liabilities					
Deferred tax	16	(480,144)		(570,061)	
			<u>(480,144)</u>		<u>(570,061)</u>
Net assets			<u><u>4,355,753</u></u>		<u><u>6,046,392</u></u>
Capital and reserves					
Called up share capital	17		1		1
Revaluation reserve			3,690,398		5,015,847
Profit and loss account			665,354		1,030,544
			<u><u>4,355,753</u></u>		<u><u>6,046,392</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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



D M Hare
Director

Date: 25 May 2021

The notes on pages 10 to 21 form part of these financial statements.

Barrough Hospitality Limited

Statement of Changes in Equity For the Year Ended 31 December 2020

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	1	5,015,847	1,030,544	6,046,392
Comprehensive loss for the year				
Loss for the year	-	-	(1,690,639)	(1,690,639)
Total comprehensive loss for the year	-	-	(1,690,639)	(1,690,639)
Revaluation movement net of deferred tax	-	(1,325,449)	1,325,449	-
At 31 December 2020	1	3,690,398	665,354	4,355,753

Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	1	2,834,417	753,418	3,587,836
Comprehensive income for the year				
Profit for the year	-	-	2,458,556	2,458,556
Total comprehensive income for the year	-	-	2,458,556	2,458,556
Revaluation movement net of deferred tax	-	2,181,430	(2,181,430)	-
At 31 December 2019	1	5,015,847	1,030,544	6,046,392

The notes on pages 10 to 21 form part of these financial statements.

Barrough Hospitality Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

1. General information

Barrough Hospitality Limited is a private limited liability company incorporated in England under the Companies Act 2006. The address of the registered office is shown on the Company Information page and the nature of the Company's principal activity is shown in the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 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; and
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

2.3 Going concern

The financial statements have been prepared on a going concern basis.

In the current business climate, the Directors acknowledge the ongoing COVID-19 pandemic. The Government's decisions on social distancing have, and will continue to, impact the income generated by the Company from leisure and hospitality activities.

In assessing going concern, the board has considered the impact of COVID-19 on the Company and on Blenheim Finance Limited and their group parent Vanbrugh Unit Trust. Blenheim Finance Limited has issued a letter of financial support to the Company for 12 months from the date of approval of these financial statements.

With the continued support of the Vanbrugh Unit Trust Group, specifically Blenheim Finance Limited, the Directors believe the Company will have sufficient working capital and cashflows to meet its liabilities as they fall due for at least one year from the date of approval of these financial statements.

However, this support is not legally binding and the impact on the Company of the pandemic cannot be accurately determined at the current date as its duration and severity are uncertain. These events or conditions indicate that a material uncertainty exists which may cast doubt on the Company's ability to continue as a going concern and therefore its ability to settle its debts and realise its assets in the normal course of business.

Barrough Hospitality Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Revenue is measured as the fair value of the consideration received, excluding discounts, rebates, value added tax and other taxes.

Turnover in respect of commissions received is recognised in the period to which the commissions relate.

Turnover in respect of rental income is recognised on a straight line basis over the period in which the property is leased. Any lease incentives are spread over the term of the lease.

Turnover in respect of events management is recognised on completion of each event.

Other income receivable from the Company's investment in the Godolphin partnership is accrued on a straight line basis in line with the profit share agreement.

2.5 Government grants

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.6 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; 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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Barrough Hospitality Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.8 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.

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:

Plant and machinery	-	25% straight line
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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.

2.9 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

2.10 Investments

Investments held as fixed assets is from the Company's investment in the Godolphin partnership. This investment is shown as cost less provision for impairment plus other income receivable from the Godolphin partnership which is accrued on a straight line basis in line with the profit share agreement. The investment repayment will be settled via intercompany transfers.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Barrough Hospitality Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Financial instruments

The Company has financial instruments of a kind that qualify as basic financial instruments which are recognised at transaction value initially and subsequently at their settlement value.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in profit or loss, when, and if, better information is obtained.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment within the next financial year are included below.

Critical judgements that management have made in the process of applying accounting policies disclosed herein and that have a significant effect on the amounts recognised in the financial statements relate to the following:

A. Valuation of Investment Properties

Management instruct an independent valuation expert to assess the open market value of the investment properties at each reporting date. The future realisation of these amounts may be affected by future changes in the market condition.

B. Deferred tax liability

Deferred tax arises on the indexed gain of the property against valuation and base cost.

Barrough Hospitality Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

4. Turnover

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Commissions income	5,019	618,440
Property income	542,503	559,893
Events income	14,390	1,039,470
	<u>561,912</u>	<u>2,217,803</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2020 £	2019 £
Other income	-	33,314
Coronavirus job retention scheme	57,493	-
Grant income	25,000	-
	<u>82,493</u>	<u>33,314</u>

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	<u>50,495</u>	<u>106,105</u>

Barrough Hospitality Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

7. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	9,500	8,325
Fees payable to the Company's auditor and its associates in respect of:		
Taxation compliance services	1,750	2,625
All other assurance services	2,025	1,950
	3,775	4,575

8. Employees

	2020 £	2019 £
Wages and salaries	211,055	223,939
Social security costs	10,951	23,096
Pension costs	13,140	19,083
	235,146	266,118

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

	2020 No.	2019 No.
Sales and administrative staff	5	6

9. Interest payable and similar expenses

	2020 £	2019 £
Other loan interest payable to group entities	386,528	387,058

Barrough Hospitality Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

10. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	-	3,319
Adjustments in respect of previous periods	4,764	-
Total current tax	4,764	3,319
Deferred tax		
Fixed asset timing differences	(3,869)	(537,518)
Capital gains	(86,048)	410,320
Total deferred tax	(89,917)	(127,198)
Taxation on (loss)/profit on ordinary activities	(85,153)	(123,879)

Factors affecting tax charge for the year

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

	2020 £	2019 £
(Loss)/profit on ordinary activities before tax	(1,775,792)	2,334,677
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(337,400)	443,589
Effects of:		
Expenses not deductible for tax purposes	7,820	25,756
Adjustments to tax charge in respect of prior periods	4,764	(549,885)
Adjust closing deferred tax to average rate	-	(66,278)
Adjust opening deferred tax to average rate	-	17,338
Deferred tax not recognised	68,158	-
Other differences leading to an increase in the tax charge	1,573	5,601
Group relief	169,932	-
Total tax credit for the year	(85,153)	(123,879)

Barrough Hospitality Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

10. Taxation (continued)

Factors that may affect future tax charges

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

11. Tangible fixed assets

	Plant and machinery £
Cost	
At 1 January 2020	447,416
At 31 December 2020	447,416
Depreciation	
At 1 January 2020	364,329
Charge for the year	50,495
At 31 December 2020	414,824
Net book value	
At 31 December 2020	32,592
At 31 December 2019	83,087

Barrough Hospitality Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

12. Fixed asset investments

	Godolphin Partnership £
Cost	
At 1 January 2020	1,012,546
Loss payable	(22,743)
At 31 December 2020	<u>989,803</u>

The Company holds an investment in the Godolphin Partnership, an entity set up to fund the development of the 'Untold Story' exhibition at Blenheim Palace.

13. Investment property

	Investment property £
Valuation	
At 1 January 2020	17,010,000
Surplus on revaluation	(902,000)
At 31 December 2020	<u>16,108,000</u>

The 2020 valuations were made by Carter Jonas LLP, Chartered Surveyors, on an open market value for existing use basis.

If the investment properties had not been revalued, they would have been included on the historical cost basis at £11,778,330 (2019 - £11,778,330).

14. Debtors

	2020 £	2019 £
Trade debtors	4,264	62,722
Amounts owed by related parties	390,006	279,753
Other debtors	6,048	173,466
Prepayments and accrued income	126,825	128,085
	<u>527,143</u>	<u>644,026</u>

Barrough Hospitality Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

15. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	3,848	53,322
Amounts owed to related parties	12,400,726	11,821,167
Corporation tax	-	133
Other creditors	2,231	-
Accruals and deferred income	596,937	401,745
	<u>13,003,742</u>	<u>12,276,367</u>

16. Deferred taxation

	2020 £	2019 £
At beginning of year	(570,061)	(697,259)
Movement in the year	89,917	127,198
At end of year	<u>(480,144)</u>	<u>(570,061)</u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Fixed asset timing differences	(159,130)	(155,261)
Revaluation on investment properties	639,274	725,322
	<u>480,144</u>	<u>570,061</u>

17. Share capital

	2020 £	2019 £
Authorised		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

Barrough Hospitality Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

18. Contingent liabilities

Barrough Hospitality Limited identifies a contingent liability at one of its properties, North Lodge, for £50,000 (2019 - £50,000). The nature of the liability is a result of settlement in the property's swimming pool, Directors are monitoring the settlement and will repair it when there is no further settlement.

The Company is party to a cross guarantee with respect to the bank borrowings of its fellow group undertakings. At 31 December 2020 the potential liability with respect to this guarantee amounted to £120,000,000 (2019 - £120,000,000).

19. Related party transactions

Barrough Hospitality Limited is one entity within the Blenheim Estate. In some instances invoices are received into one company incorrectly and are recharged when settled. Such instances are not included in the transactions below but are within the year end balances. Intercompany is net across the whole estate with Blenheim Agency Limited with the exception of funds on loan from Blenheim Finance Limited.

Management charges levied from related undertakings per annum were as follows:

	2020 £	2019 £
Blenheim Palace Heritage Foundation:		
- Professional fee recharge	99,996	99,996
- Consumer marketing recharge	99,996	99,996
- Salary costs	76,045	85,155
Blenheim Parliamentary 1994 Settlement:		
- Rent	228,265	210,000

Services and products received:

Barrough Hospitality Limited paid interest payments this year of £386,528 (2019 - £387,058).

Blenheim Finance Limited acts as a central funding facility for the whole Blenheim Estate. Companies within the Blenheim Estate draw down funds when required. Barrough Hospitality Limited repaid £250,000 (2019 - £340,000) of funds and drew down £1,623,782 (2019 - £210,000) in the year.

Barrough Hospitality Limited holds an investment in the Godolphin Partnership, an entity set up to exhibit to the public the Godolphin rooms at Blenheim Palace. Barrough Hospitality Limited's loss recognised on the investment for 2020 was £32,856 (2019 - profit of £33,314).

Blenheim Visitors Limited invoiced Barrough Hospitality Limited £51 (2019 - £767) for retail internal transfers and Blenheim Palace Natural Mineral Water.

Blenheim Visitors Limited acts as a payroll bureau for Barrough Hospitality Limited (see note 8).

Blenheim Parliamentary 1994 Settlement has recharged Barrough Hospitality Limited for rental of 1 North Lodge property £3,271 (2019 - £4,128), Clocktower Flat No. 1 £6,000 (2019 - £4,500) and the Orangery £218,995 (2019 - £210,000).

Trustees, Anthony Thompson and Christopher Groves work for Withers LLP (a consultant and a partner respectively). Withers LLP are the Estate's legal advisors. Withers LLP invoiced Blenheim Hospitality Limited £Nil (2019 - £4,750) for legal services provided in the year.

Barrough Hospitality Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

19. Related party transactions (continued)

Services provided:

Barrough Hospitality Limited invoiced PYE Homes Limited £Nil for an event held at the palace (2019 - £10,615).

Barrough Hospitality Limited invoiced Blenheim Art Foundation £Nil for events held at the palace (2019 - £3,080).

Trustee, Sir Mark Weinberg, is president of St James' Place Wealth Management. St James' Place Wealth Management hold functions at the Palace of which Barrough Hospitality Limited invoice for. During the year to 31 December 2020, sales to the firm were £Nil (2019 - £3,318).

The following amounts were owed to/(owed from) the Company, by entities under common control at the year end:

	2020 £	2019 £
Blenheim Visitors Limited	(10,243)	(17,645)
Blenheim Estates Contractors Limited	-	84
Godolphin Partnership	340,035	269,054
Blenheim Agency Limited	(97,207)	(325,260)
Blenheim Finance Limited	(12,225,315)	(10,465,005)
Blenheim Palace Heritage Foundation	(12,786)	(429,764)
Vanbrugh Unit Trust	49,971	(133,200)
Blenheim 1994 Settlement SPV Limited	(55,175)	(450,256)
PYE Homes Limited	-	10,615
Blenheim Estates Properties Limited	-	(37)

20. Ultimate parent undertaking and controlling party

Barrough Limited is the 100% parent of Barrough Hospitality Limited.

Barrough Limited is 100% owned by Vanbrugh Unit Trust. Vanbrugh Unit Trust is registered at the same office as Barrough Hospitality Limited.

The entity's ultimate controlling parties are Sir Mark Aubrey Weinberg, Mr Alexander Pepys Muir, Mr Anthony John Thompson and Lord Edward Albert Spencer-Churchill as trustees of Marlborough 2003 Settlement, which owns 100% of Vanbrugh Trustees Limited and Vanbrugh Trustees No 2 Limited, which are the trustees of Vanbrugh Unit Trust.