

Fanhams Hall Hotel Limited

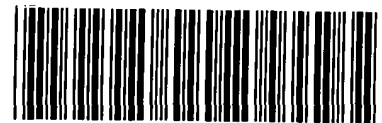
Annual Report and Financial Statements

Period Ended

27 March 2022

Company Number 05500642

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Fanhams Hall Hotel Limited

Company Information

Director	D L E Pecorelli
Company secretary	C L Davies
Registered number	05500642
Registered office	Executive Office Pennyhill Park Hotel & Spa London Road Bagshot Surrey GU19 5EU
Independent auditor	BDO LLP 31 Chertsey Street Guildford Surrey GU1 4HD
Solicitors	Herrington and Carmichael Solicitors Waters Edge Riverside Way Watchmoor Park Camberley Surrey GU15 3YL

Fanhams Hall Hotel Limited

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Fanhams Hall Hotel Limited

Strategic Report For the Period Ended 27 March 2022

The director presents his report together with the audited financial statements of Fanhams Hall Hotel Limited for the period ended 27 March 2022:

Business review

The principal activity of the company is that of the ownership and operation of Fanhams Hall Hotel, Ware, Hertfordshire. Fanhams Hall Hotel Limited is part of the Exclusive Collection, operating at the top end of the conference, weddings and leisure market segments. With a strong focus on differentiating our offering through quality of product, service and the development of our people.

The company has generated revenue of £3.44m (2021: £0.27m) and a profit on ordinary activities before taxation of £0.58m (2021: loss of £0.95m due to COVID).

Fanhams had a small fire in May 2021 just after we had reopened. Unfortunately this took place in the main electrical switch cupboard. Despite insurance this did impact revenue and profitability in the first quarter.

Weddings continued to remain very strong both in terms of numbers (112) and average spend helped by the COVID backlog and our flexible approach to couples during the pandemic. Our meetings, incentives, conferences and exhibitions business also picked up more strongly than expected.

Financial key performance indicators

The company's EBITDA was £0.65m for the period (2021: EBITDA loss £0.65m).

Principal risks and uncertainties

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

We are also exposed to a downturn in demand for hotel stays, due to an economic recession or for other reasons. We seek to mitigate this risk by targeting different market segments, including the conference market, the leisure market and weddings.

We are impacted by changes in regulation, including legislation relating to employment, the environment and health and safety. The board regularly reviews changes in regulations, ensuring we have in place appropriate processes to maintain compliance, and adapting our business model as necessary.

This report was approved by the board on 28th September 2022 and signed on its behalf.



D L E Pecorelli
Director

Fanhams Hall Hotel Limited

Director's Report For the Period Ended 27 March 2022

The director presents his report and the audited financial statements for the period ended 27 March 2022.

Principal activity

The principal activity of the company is the ownership and operation of Fanhams Hall Hotel, Hertfordshire.

Business review

A review of the business, its principal risks and uncertainties and future developments is set out in the strategic report on page 1 of these financial statements.

Results and dividends

The profit for the period on ordinary activities, before taxation, amounted to £0.58m (2021: loss of £0.95m).

The director does not recommend the payment of a dividend (2021: £Nil).

Director

The director who served during the period was:

D L E Pecorelli

Going concern

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

At the reporting date the company is in a net current asset position of £3,873,189 and an overall net asset position of £2,935,232. During the period to 27 March 2022 the company made a profit of £433,009.

The overall group profit before tax for that period was £10.7m, which included depreciation charged of £3.1m.

In March 2022 the group secured a new banking facility of £35m to replace the existing bank loans. Of this amount £24.4m is not due for repayment until the facility termination date, five years from utilisation and £5.6m will be repaid in quarterly instalments from June 2023. The remainder of the facility comprises a £5m revolving facility ultimately repayable on termination.

The director has prepared a forecast up to the end of March 2024 and is confident with buoyant trading in the first half of the financial year and despite the risks of further COVID impact, the energy crisis and of a recession that these risks are being well managed and are not considered to impact the going concern of the company.

Environmental matters

We continue to be exceptionally focused on respecting our environment. Our zero direct to landfill policy is a focus key for us, and in all major decisions the environmental impact is discussed.

Fanhams Hall Hotel Limited

Director's Report (continued) For the Period Ended 27 March 2022

Financial instruments

The company is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control. Its policy is to finance working capital through retained earnings and through borrowings at prevailing market interest rates.

The company's exposure to the price risk of financial instruments is therefore minimal. As the counterparty to all financial instruments is its bankers, it is also exposed to minimal credit and liquidity risks in respects of these instruments. The director does not consider any other risks attached to the use of financial instruments to be material to an assessment of its financial position or profit.

Employee consultation

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

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were in force throughout the period and at the date of this report.

Disclosure of information to auditor

The director at the time when this director's report is approved has confirmed that:

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

Auditor

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

This report was approved by the board on *28th September 2022* and signed on its behalf.



D L E Pecorelli
Director

Fanhams Hall Hotel Limited

Director's Responsibilities For the Period Ended 27 March 2022

The director is responsible for preparing the strategic report, the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial period. Under that law, the director has 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 director must not approve the financial statements unless he is satisfied that he gives 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 director is 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Fanhams Hall Hotel Limited

Independent Auditor's Report to the Members of Fanhams Hall Hotel 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 27 March 2022 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Fanhams Hall Hotel Limited ("the company") for the period ended 27 March 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and related 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.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Fanhams Hall Hotel Limited

Independent Auditor's Report to the Members of Fanhams Hall Hotel Limited (continued)

Other information

The director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 director's report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's 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 director's report.

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

- adequate accounting records have not been kept, 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Fanhams Hall Hotel Limited

Independent Auditor's Report to the Members of Fanhams Hall Hotel Limited (continued)

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 2006, UK GAAP and tax legislation. 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.

- We had discussions with management regarding known or suspected instances of non-compliance with laws and regulations and fraud;
- We challenged assumptions made by management in their significant accounting policies and estimates in particular in relation to the depreciation and impairment of fixed assets and the imputation of interest on long term debt; and
- We sample tested manual journal entries, in particular any journal entries posted with unusual characteristics.

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.

Fanhams Hall Hotel Limited

Independent Auditor's Report to the Members of Fanhams Hall Hotel Limited (continued)

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:

Nick Poulter

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Nick Poulter (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Guildford

United Kingdom

Date: 29 September 2022

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

Fanhams Hall Hotel Limited

Statement of Comprehensive Income For the Period Ended 27 March 2022

	Note	2022 £	2021 £
Turnover	4	3,443,839	274,742
Cost of sales		(525,660)	(13,444)
Gross profit		2,918,179	261,298
Administrative expenses		(2,451,766)	(1,695,800)
Other operating income	5	72,837	521,620
Operating profit/(loss)	6	539,250	(912,882)
Interest receivable and similar income	8	68,300	-
Interest payable and similar expenses	9	(30,041)	(35,802)
Profit/(loss) before tax		577,509	(948,684)
Tax on profit/(loss)	10	(144,500)	161,115
Profit/(loss) for the financial period		433,009	(787,569)

All amounts relate to continuing operations.

There was no other comprehensive income for 2022 (2021: £Nil).

The notes on pages 12 to 25 form part of these financial statements.

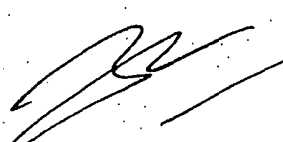
Fanham's Hall Hotel Limited

Registered number: 05500642

Statement of Financial Position As at 27 March 2022

	Note	27 March 2022 £	28 March 2021 £
Fixed assets			
Intangible assets	11	99	99
Tangible assets	12	3,650,675	3,732,875
		<u>3,650,774</u>	<u>3,732,974</u>
Current assets			
Stocks	13	15,674	11,325
Debtors: amounts falling due after more than one year	14	4,321,479	5,960,679
Debtors: amounts falling due within one year	14	560,716	451,245
Cash and cash equivalents	15	1,066,621	176,303
		<u>5,964,490</u>	<u>6,599,552</u>
Creditors: amounts falling due within one year	16	(2,091,301)	(1,534,072)
Net current assets		<u>3,873,189</u>	<u>5,065,480</u>
Total assets less current liabilities		<u>7,523,963</u>	<u>8,798,454</u>
Creditors: amounts falling due after more than one year	17	(4,588,731)	(6,296,231)
Net assets		<u><u>2,935,232</u></u>	<u><u>2,502,223</u></u>
Capital and reserves			
Called up share capital	20	2,000,000	2,000,000
Profit and loss account	21	935,232	502,223
		<u><u>2,935,232</u></u>	<u><u>2,502,223</u></u>

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

 28th September 2022
D L E Pecorelli
Director

The notes on pages 12 to 25 form part of these financial statements.

Fanhams Hall Hotel Limited

Statement of Changes in Equity For the Period Ended 27 March 2022

	Called up share capital £	Profit and loss account £	Total equity £
At 29 March 2021	2,000,000	502,223	2,502,223
Comprehensive profit for the period			
Profit for the period	-	433,009	433,009
Total comprehensive profit for the period	-	433,009	433,009
At 27 March 2022	2,000,000	935,232	2,935,232

Statement of Changes in Equity For the Period Ended 28 March 2021

	Called up share capital £	Profit and loss account £	Total equity £
At 30 March 2020	2,000,000	1,289,792	3,289,792
Comprehensive loss for the period			
Loss for the period	-	(787,569)	(787,569)
Total comprehensive loss for the period	-	(787,569)	(787,569)
At 28 March 2021	2,000,000	502,223	2,502,223

The notes on pages 12 to 25 form part of these financial statements.

Fanhams Hall Hotel Limited

Notes to the Financial Statements For the Period Ended 27 March 2022

1. General information

Fanhams Hall Hotel Limited is a private company limited by shares and incorporated in England and 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 principal activities are given in the strategic report and director's 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 presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

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;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b), 12.29A and 12.30; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of The Manor House Hotel (Castle Combe) Limited as at and for the period ended 27 March 2022 and these financial statements may be obtained from Companies House.

Fanhams Hall Hotel Limited

Notes to the Financial Statements For the Period Ended 27 March 2022

2. Accounting policies (continued)

2.3 Going concern

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

At the reporting date the company is in a net current asset position of £3,873,189 and an overall net asset position of £2,935,232. During the period to 27 March 2022 the company made a profit of £433,009.

The overall group profit before tax for that period was £10.7m, which included depreciation charged of £3.1m.

In March 2022 the group secured a new banking facility of £35m to replace the existing bank loans. Of this amount £24.4m is not due for repayment until the facility termination date, five years from utilisation and £5.6m will be repaid in quarterly instalments from June 2023. The remainder of the facility comprises a £5m revolving facility ultimately repayable on termination.

The director has prepared a forecast up to the end of March 2024 and is confident with buoyant trading in the first half of the financial year and despite the risks of further COVID impact, the energy crisis and of a recession that these risks are being well managed and are not considered to impact the going concern of the company.

2.4 Turnover

Turnover represents amounts receivable for accommodation, food and beverage sales and ancillary hotel services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Turnover is recognised at the point at which goods and services are delivered to the customer. All turnover arises in the United Kingdom.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.6 Finance costs

Finance costs are charged to profit or loss 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 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Fanhams Hall Hotel Limited

Notes to the Financial Statements For the Period Ended 27 March 2022

2. Accounting policies (continued)

2.8 Pensions

Defined contribution pension plan

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 profit or loss 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.

2.9 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting 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 reporting date.

2.10 Related party disclosures

As a wholly owned subsidiary of The Manor House Hotel (Castle Combe) Limited, the company has taken advantage of the exemption allowed under FRS 102 Section S33.A not to disclose transactions with other 100% owned members of the group.

2.11 Intangible assets

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the statement of comprehensive income over its estimated economic life.

The director has determined that goodwill is to be amortised over 15 years.

Intellectual property is not amortised and the recognition of amortisation would be immaterial to these financial statements.

Fanhams Hall Hotel Limited

Notes to the Financial Statements For the Period Ended 27 March 2022

2. Accounting policies (continued)

2.12 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and machinery	-	12.5% straight line
Fixtures, fittings and equipment	-	20% straight line
Computer and IT equipment	-	33.3% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in "other operating income" in the statement of comprehensive income.

Freehold buildings are maintained to ensure that their value does not diminish over time and maintenance costs are charged to the statement of comprehensive income in the period incurred. In the director's opinion, the high level of maintenance ensures that the residual value of the buildings is such that depreciation would be immaterial and consequently has not been charged. The buildings are reviewed for impairment at the end of each reporting period.

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of comprehensive income.

2.14 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.

2.15 Cash and cash equivalents

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

2.16 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.

Fanhams Hall Hotel Limited

Notes to the Financial Statements For the Period Ended 27 March 2022

2. Accounting policies (continued)

2.17 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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 debtors and creditors, 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company 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.

2.18 Leasing and hire purchase

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The finance element of the rental payment is charged to the statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Fanhams Hall Hotel Limited

Notes to the Financial Statements For the Period Ended 27 March 2022

2. Accounting policies (continued)

2.19 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure.

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

In preparing these financial statements, the director has made the following judgements:

- Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- 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.
- Interest is imputed on the company's long term intercompany loans. Factors taken into account in reaching the imputed interest rate include the company's cost of external borrowing and the terms and conditions of the intercompany loans.
- Freehold property is not depreciated. This is because any depreciation charge would be highly immaterial as the property's useful economic life can be measured in centuries, and if the property were to be depreciated the residual value would be significant due to frequent maintenance and refurbishment works.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 12)

Tangible fixed assets, other than freehold properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as 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.

4. Turnover

The whole of the turnover is attributable to the principal activities of the company.

All turnover arose within the United Kingdom.

Fanhams Hall Hotel Limited

Notes to the Financial Statements For the Period Ended 27 March 2022

5. Other operating income

	2022 £	2021 £
Government grants receivable	72,837	521,620

6. Operating profit/(loss)

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

	2022 £	2021 £
Depreciation of tangible fixed assets	107,321	139,713
Amortisation of intangible assets	-	108,330
Fees payable to the company's auditor and its associates for the audit of the company's financial statements	6,249	5,700
Defined contribution pension contributions	21,754	15,015

The director is considered to be the key management of the company.

The director is remunerated by a fellow subsidiary undertaking, Pennyhill Park Limited.

7. Employees

Staff costs were as follows:

	2022 £	2021 £
Wages and salaries	1,328,392	899,030
Social security costs	83,585	53,698
Cost of defined contribution scheme	21,754	15,015
	1,433,731	967,743

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

	2022 No.	2021 No.
Operational staff	34	40
Management staff	8	9
	42	49

Fanhams Hall Hotel Limited

Notes to the Financial Statements For the Period Ended 27 March 2022

8. Interest receivable

	2022 £	2021 £
Imputed interest on intercompany loans (See note 17)	68,300	-

9. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	29,535	30,905
Finance leases and hire purchase contracts	506	552
Other interest payable	-	4,345
	30,041	35,802

10. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits/(losses) for the period	-	-
Adjustments in respect of previous periods	-	(9,617)
Total current tax	-	(9,617)
Deferred tax		
Origination and reversal of timing differences	231,590	(153,733)
Adjustment in respect of prior periods	(140)	2,235
Effect of tax rate change on opening balance	(86,950)	-
Total deferred tax	144,500	(151,498)
Taxation on profit/(loss) on ordinary activities	144,500	(161,115)

Fanhams Hall Hotel Limited

Notes to the Financial Statements For the Period Ended 27 March 2022

10. Taxation (continued)

Factors affecting tax charge/(credit) for the period

The tax assessed for the period is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Profit/(loss) on ordinary activities before tax	577,509	(948,684)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	109,727	(180,250)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,632	2,142
Fixed asset differences	(502)	-
Group relief surrendered	77,426	-
Adjustments to tax charge in respect of prior periods	-	(11,503)
Adjustments to tax charge in respect of prior periods - deferred tax	(140)	2,235
Remeasurement of deferred tax for changes in tax rates	(31,369)	-
Non-taxable income	(12,977)	-
Deferred tax not recognised	-	(688)
Transfer pricing adjustments	(2,297)	4,106
Losses carried back	-	22,843
Total tax charge/(credit) for the period	144,500	(161,115)

Factors that may affect future tax charges

A change in the main UK corporation tax rate, announced in the budget on 3 March 2021, was substantively enacted on 24 May 2021 to increase the main corporation tax rate from 19% to 25% on profits over £250,000 from 1 April 2023. In addition the rate for small profits under £50,000 was to remain at 19%, and where the company's profits fall between £50,000 and £250,000, the lower and upper limits, marginal relief rules were due to apply. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

Given the recent government budget announcement on 22 September 2022, when enacted, the tax rate will now remain at 19% from 1 April 2023.

Fanhams Hall Hotel Limited

Notes to the Financial Statements For the Period Ended 27 March 2022

11. Intangible assets

	Intellectual property £	Goodwill £	Total £
Cost			
At 29 March 2021 and 27 March 2022	99	3,250,000	3,250,099
Amortisation			
At 29 March 2021 and 27 March 2022	-	3,250,000	3,250,000
Net book value			
At 27 March 2022	99	-	99
At 28 March 2021	99	-	99

Fanhams Hall Hotel Limited

Notes to the Financial Statements For the Period Ended 27 March 2022

12. Tangible fixed assets

	Freehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost					
At 29 March 2021	3,409,377	3,042,053	2,134,973	176,806	8,763,209
Additions	16,305	6,416	-	2,400	25,121
At 27 March 2022	3,425,682	3,048,469	2,134,973	179,206	8,788,330
Depreciation					
At 29 March 2021	-	2,858,020	2,029,928	142,386	5,030,334
Charge for the period	-	44,488	49,906	12,927	107,321
At 27 March 2022	-	2,902,508	2,079,834	155,313	5,137,655
Net book value					
At 27 March 2022	3,425,682	145,961	55,139	23,893	3,650,675
At 28 March 2021	3,409,377	184,033	105,045	34,420	3,732,875

13. Stocks

	27 March 2022 £	28 March 2021 £
Finished goods and goods for resale	15,674	11,325

No stock was impaired or written off in the current or previous period.

14. Debtors

	27 March 2022 £	28 March 2021 £
Due after more than one year		
Intercompany loans	4,321,479	5,960,679

Fanhams Hall Hotel Limited

Notes to the Financial Statements For the Period Ended 27 March 2022

14. Debtors (continued)

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

	27 March 2022 £	28 March 2021 £
Due within one year		
Trade debtors	63,862	1,379
Amounts owed by group undertakings	106,384	103,278
Other debtors	244,738	31,879
Prepayments and accrued income	15,029	39,506
Deferred taxation (see note 19)	130,703	275,203
	<u>560,716</u>	<u>451,245</u>

The impairment loss in respect of trade debtors recognised in the statement of comprehensive income was £448 (2021: £271).

Amounts owed by group undertakings are interest free and repayable on demand.

15. Cash and cash equivalents

	27 March 2022 £	28 March 2021 £
Cash at bank	<u>1,066,621</u>	<u>176,303</u>

16. Creditors: amounts falling due within one year

	27 March 2022 £	28 March 2021 £
Trade creditors	117,718	16,220
Amounts owed to group undertakings	375,198	394,584
Other taxation and social security	135,847	111,626
Obligations under finance lease and hire purchase contracts	5,700	8,835
Other creditors	145,162	87,735
Accruals and deferred income	1,311,676	915,072
	<u>2,091,301</u>	<u>1,534,072</u>

Amounts owed to group undertakings are interest free and repayable on demand.

Fanhams Hall Hotel Limited

Notes to the Financial Statements For the Period Ended 27 March 2022

17. Creditors: amounts falling due after more than one year

	27 March 2022 £	28 March 2021 £
Bank loans	-	1,707,500
Intercompany loans	4,588,731	4,588,731
	<u>4,588,731</u>	<u>6,296,231</u>

Secured loans

The Company's loans were refinanced in March 2022. The group secured a new banking facility of £35m to replace all existing bank loans. Of this amount £24.4m is not due for repayment until the facility termination date, five years from utilisation and £5.6m will be repaid in quarterly instalments from June 2023. The remainder of the facility comprises a £5m revolving facility ultimately repayable on termination.

The £24.4m facility is split evenly between Pennyhill Park Limited and South Lodge Limited, two fellow subsidiaries. The £5.6m facility relates to Pennyhill Park Limited and the £5m revolver facility to South Lodge Limited.

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

18. Loans

Analysis of the maturity of loans is given below:

	27 March 2022 £	28 March 2021 £
Amounts falling due 1-2 years		
Bank loans	-	1,707,500
	<u>-</u>	<u>1,707,500</u>

19. Deferred taxation

	2022 £
At beginning of period	275,203
Charged to profit or loss	(144,500)
At end of period	<u>130,703</u>

Fanhams Hall Hotel Limited

Notes to the Financial Statements For the Period Ended 27 March 2022

19. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	27 March 2022 £	28 March 2021 £
Fixed asset timing differences	130,703	114,408
Tax losses carried forward	-	160,795
	<u>130,703</u>	<u>275,203</u>

20. Share capital

	27 March 2022 £	28 March 2021 £
Allotted, called up and fully paid		
2,000,000 (2021: 2,000,000) ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>

21. Reserves

The company has the following reserves:

Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends paid and other adjustments.

22. Pension commitments

The company operates a defined contribution 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 £21,754 (2021: £15,015). Contributions totalling £9,620 (2021: £2,625) were payable to the fund at the statement of financial position date and are included in other creditors.

23. Controlling party

The ultimate parent company and controlling party is The Manor House Hotel (Castle Combe) Limited, a company registered in England and Wales. This is also the largest and smallest group in which the results of the company are consolidated. Copies of the group financial statements of The Manor House Hotel (Castle Combe) Limited are available from Companies House.

Mr G Pecorelli and his family control 100% of the issued share capital of The Manor House (Castle Combe) Limited.