

ANNUAL REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED

2 APRIL 2023

FANHAMS HALL HOTEL LIMITED

MENZIES

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 auditors	Menzies LLP Chartered Accountants & Statutory Auditor 3000a Parkway Whiteley Hampshire PO15 7FX

FANHAMS HALL HOTEL LIMITED

CONTENTS

	Page
Strategic Report	1
Director's Report	2 - 3
Independent Auditors' Report	4 - 7
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11 - 23

FANHAMS HALL HOTEL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 2 APRIL 2023

Introduction

The director presents his report together with the audited financial statements of Fanhams Hall Hotel Limited for the period ended 2nd April 2023.

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 £4.59m (2022: £3.44m) and a profit on ordinary activities before taxation of £0.47m (2022: £0.58m).

We have started the refurbishment of main house bedrooms as well as two test bedrooms in the courtyard wing. We are positive about the investment into the local area with Sunset Studios developing a local site.

Weddings continued to remain very strong both in terms of numbers and average spend helped by the continued 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 £0.54m for the period (2022: £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 and signed on its behalf.

D L E Pecorelli

Director

Date: 28 September 2023

FANHAMS HALL HOTEL LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 2 APRIL 2023

The director presents his report and the financial statements for the year ended 2 April 2023.

Director's responsibilities statement

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 year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £366,943 (2022 - £433,009).

Dividends of £250,000 have been declared and paid by the director for the period (2022: £nil).

Director

The director who served during the year was:

D L E Pecorelli

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.

Streamlined energy and carbon reporting (SECR) disclosure

The company has not disclosed information in respect of greenhouse gas emissions, energy consumptions and energy efficiency actions as it is included in the group report of The Manor House Hotel (Castle Combe) Limited.

Employee consultation

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

FANHAMS HALL HOTEL LIMITED

DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 2 APRIL 2023

Disabled employees

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

Qualifying third party indemnity provisions

The company has indemnity provisions in place for the directors during the year and at the date of approval of the director's report.

Disclosure of information to auditors

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

- so far as is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- 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.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

Under section 487(2) of the Companies Act 2006, Menzies LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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

D L E Pecorelli
Director

Date: 28 September 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FANHAMS HALL HOTEL LIMITED

Opinion

We have audited the financial statements of Fanhams Hall Hotel Limited (the 'Company') for the year ended 2 April 2023, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 2 April 2023 and of its profit 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.

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 Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The director is responsible for the other information contained within the Annual Report. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FANHAMS HALL HOTEL LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Director's Report for the financial year 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report 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 directors

As explained more fully in the Director's Responsibilities Statement set out on page 2, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FANHAMS HALL HOTEL LIMITED (CONTINUED)

Auditors' 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 Auditors' 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.

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:

- The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, and general regulations such as health and safety, general data protection regulation and copyright law. There are no industry specific laws and regulations which would be deemed to have a significant impact on the financial statements. We assessed the extent of compliance with the appropriate laws and regulations as part of our procedures on the related financial statement items.

- We understood how the Company is complying with those legal and regulatory frameworks by, making inquiries to management, those responsible for legal and compliance procedures and the company secretary. We corroborated our inquiries through our review of Board minutes.

- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. The assessment did not identify any issues in this area.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

- o Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;

- o Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;

- o Challenging assumptions and judgments made by management in its significant accounting estimates; and

- o Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

- As a result of the above procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- o Posting of unusual journals and complex transactions;

- o Misappropriation of funds through fraudulent supplier ledger and payroll activity; and

- o Manipulation of amounts subject to significant judgement or estimate.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

INDEPENDENT AUDITORS' 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 Auditors' 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.

James Hadfield FCA (Senior Statutory Auditor)

for and on behalf of

Menzies LLP

Chartered Accountants

Statutory Auditor

3000a Parkway

Whiteley

Hampshire

PO15 7FX

28 September 2023

FANHAMS HALL HOTEL LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 2 APRIL 2023

	Note	2023 £	2022 £
Turnover	4	4,595,361	3,443,839
Cost of sales		(645,160)	(525,660)
Gross profit		3,950,201	2,918,179
Administrative expenses		(3,476,018)	(2,451,766)
Other operating income	5	559	72,837
Operating profit	6	474,742	539,250
Interest receivable and similar income	8	18,121	68,300
Interest payable and similar expenses	9	(19,867)	(30,041)
Profit before tax		472,996	577,509
Tax on profit	10	(106,053)	(144,500)
Profit for the financial year		366,943	433,009

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 11 to 23 form part of these financial statements.

FANHAMS HALL HOTEL LIMITED

REGISTERED NUMBER:05500642

STATEMENT OF FINANCIAL POSITION AS AT 2 APRIL 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	12	99	99
Tangible assets	13	4,125,054	3,650,675
		<u>4,125,153</u>	<u>3,650,774</u>
Current assets			
Stocks		12,968	15,674
Debtors: amounts falling due after more than one year	15	3,909,600	4,321,479
Debtors: amounts falling due within one year	15	165,564	560,716
Cash at bank and in hand	16	1,274,278	1,066,621
		<u>5,362,410</u>	<u>5,964,490</u>
Creditors: amounts falling due within one year	17	(1,827,388)	(2,091,301)
Net current assets		<u>3,535,022</u>	<u>3,873,189</u>
Total assets less current liabilities		<u>7,660,175</u>	<u>7,523,963</u>
Creditors: amounts falling due after more than one year	18	(4,608,000)	(4,588,731)
Net assets		<u><u>3,052,175</u></u>	<u><u>2,935,232</u></u>
Capital and reserves			
Called up share capital	20	2,000,000	2,000,000
Profit and loss account	21	1,052,175	935,232
		<u><u>3,052,175</u></u>	<u><u>2,935,232</u></u>

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

D L E Pecorelli
Director

Date: 28 September 2023

The notes on pages 11 to 23 form part of these financial statements.

FANHAMS HALL HOTEL LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 2 APRIL 2023

	Called up share capital £	Profit and loss account £	Total equity £
At 29 March 2021	2,000,000	502,223	2,502,223
Comprehensive income for the period			
Profit for the period	-	433,009	433,009
At 3 April 2022	2,000,000	935,232	2,935,232
Comprehensive income for the year			
Profit for the year	-	366,943	366,943
Contributions by and distributions to owners			
Dividends	-	(250,000)	(250,000)
At 2 April 2023	2,000,000	1,052,175	3,052,175

The notes on pages 11 to 23 form part of these financial statements.

FANHAMS HALL HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 APRIL 2023

1. General information

Fanhams Hall Hotel Limited is a private company limited by shares incorporated in England and Wales. The address of its registered office is disclosed on the company information page.

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;
- 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) and 12.29A;
- 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 2 April 2023 and these financial statements may be obtained from Companies House.

2.3 Turnover

Turnover represents amounts receivable for accommodation, food and beverage sales, spa services provided 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 which goods and services are delivered to the customer. All turnover arises in the United Kingdom.

2.4 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss 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 YEAR ENDED 2 APRIL 2023

2. Accounting policies (continued)

2.5 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

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

2.6 Interest income

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

2.7 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.

2.8 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 year 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.

FANHAMS HALL HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 APRIL 2023

2. Accounting policies (continued)

2.10 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.

2.11 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	- 12.5% straight line
Fixtures and fittings	- 20% straight line
Computer 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 profit or loss.

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

2.12 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. Work in progress and finished goods include labour and attributable overheads.

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 profit or loss.

2.13 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.

FANHAMS HALL HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 APRIL 2023

2. Accounting policies (continued)

2.14 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.

2.15 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.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

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

FANHAMS HALL HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 APRIL 2023

2. Accounting policies (continued)

2.17 Financial instruments (continued)

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 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

In preparing these financial statements, the directors have had to make the following judgements:

Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future 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 13)

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.

FANHAMS HALL HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 APRIL 2023

4. Turnover

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

All turnover arose within the United Kingdom.

5. Other operating income

	2023	2022
	£	£
Government grants receivable	559	72,837
	<u>559</u>	<u>72,837</u>

6. Operating profit

The operating profit is stated after charging:

	2023	2022
	£	£
Depreciation of tangible fixed assets	85,428	107,321
Fees payable to the company's auditor and its associates for the audit of the company's financial statements	10,000	6,249
Defined contribution pension contribution	<u>28,619</u>	<u>21,754</u>

FANHAMS HALL HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 APRIL 2023

7. Employees

Staff costs were as follows:

	2023 £	2022 £
Wages and salaries	1,778,597	1,328,392
Social security costs	125,065	83,585
Cost of defined contribution scheme	28,619	21,754
	<u>1,932,281</u>	<u>1,433,731</u>

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

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

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

	2023 No.	2022 No.
Operational staff	40	34
Management staff	7	8
	<u>47</u>	<u>42</u>

8. Interest receivable

	2023 £	2022 £
Imputed interest on long term group debt	18,121	68,300
	<u>18,121</u>	<u>68,300</u>

9. Interest payable and similar expenses

	2023 £	2022 £
Bank interest payable	-	29,535
Other loan interest payable	46	-
Imputed interest on long term group debt	19,269	-
Finance leases and hire purchase contracts	552	506
	<u>19,867</u>	<u>30,041</u>

FANHAMS HALL HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 APRIL 2023

10. Taxation

	2023 £	2022 £
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	110,493	231,590
Adjustment in respect of prior periods	(4,440)	(140)
Effect of tax rate change on opening balance	-	(86,950)
Total deferred tax	106,053	144,500
Taxation on profit on ordinary activities	106,053	144,500

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (2022 - higher than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	472,996	577,509
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	89,869	109,727
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,952	4,632
Permanent differences	(15,088)	(502)
Group relief surrendered	17,329	77,426
Adjustments to tax charge in respect of prior periods - deferred tax	(4,440)	(140)
Remeasurement of deferred tax for changes in tax rates	26,518	(31,369)
Non-taxable income	-	(12,977)
Transfer pricing adjustments	(10,087)	(2,297)
Total tax charge for the year/period	106,053	144,500

Factors that may affect future tax charges

FANHAMS HALL HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 APRIL 2023

10. Taxation (continued)

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.

11. Dividends

	2023 £	2022 £
Dividends	250,000	-
	<u>250,000</u>	<u>-</u>

12. Intangible assets

	Trademarks £	Goodwill £	Total £
Cost			
At 3 April 2022	99	3,250,000	3,250,099
At 2 April 2023	<u>99</u>	<u>3,250,000</u>	<u>3,250,099</u>
Amortisation			
At 3 April 2022	-	3,250,000	3,250,000
At 2 April 2023	<u>-</u>	<u>3,250,000</u>	<u>3,250,000</u>
Net book value			
At 2 April 2023	<u>99</u>	<u>-</u>	<u>99</u>
At 2 April 2022	<u>99</u>	<u>-</u>	<u>99</u>

FANHAMS HALL HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 APRIL 2023

13. Tangible fixed assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Assets under construction £	Total £
Cost or valuation						
At 3 April 2022	3,425,682	3,048,469	2,134,973	179,206	-	8,788,330
Additions	34,335	108,179	206,221	2,306	194,877	545,918
At 2 April 2023	3,460,017	3,156,648	2,341,194	181,512	194,877	9,334,248
Depreciation						
At 3 April 2022	-	2,902,508	2,079,834	155,313	-	5,137,655
Charge for the year on owned assets	-	38,675	19,072	13,792	-	71,539
At 2 April 2023	-	2,941,183	2,098,906	169,105	-	5,209,194
Net book value						
At 2 April 2023	3,460,017	215,465	242,288	12,407	194,877	4,125,054
At 2 April 2022	3,425,682	145,961	55,139	23,893	-	3,650,675

14. Stocks

	2023 £	2022 £
Finished goods and goods for resale	12,968	15,674
	<u>12,968</u>	<u>15,674</u>

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

15. Debtors

	2023 £	2022 £
Due after more than one year		
Amounts owed by group undertakings	3,909,600	4,321,479
	<u>3,909,600</u>	<u>4,321,479</u>

FANHAMS HALL HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 APRIL 2023

15. 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%.

	2023 £	2022 £
Due within one year		
Trade debtors	43,612	63,862
Amounts owed by group undertakings	5,092	106,384
Other debtors	91,960	244,738
Prepayments and accrued income	250	15,029
Deferred taxation	24,650	130,703
	<u>165,564</u>	<u>560,716</u>

The impairment loss in respect of trade debtors recognised in the statement of comprehensive income was £2,659 (2022 - £448).

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

16. Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	1,274,278	1,066,621
	<u>1,274,278</u>	<u>1,066,621</u>

17. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	154,259	117,718
Amounts owed to group undertakings	200,927	375,198
Other taxation and social security	162,343	135,847
Obligations under finance lease and hire purchase contracts	1,995	5,700
Other creditors	27,769	145,162
Accruals and deferred income	1,280,095	1,311,676
	<u>1,827,388</u>	<u>2,091,301</u>

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

FANHAMS HALL HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 APRIL 2023

18. Creditors: Amounts falling due after more than one year

	2023 £	2022 £
Amounts owed to group undertakings	4,608,000	4,588,731
	<u>4,608,000</u>	<u>4,588,731</u>

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

19. Deferred taxation

	2023 £
At beginning of year	130,703
Charged to profit or loss	(106,053)
At end of year	<u>24,650</u>

The deferred tax asset is made up as follows:

	2023 £	2022 £
Fixed asset timing differences	22,086	130,703
Losses and other deductions	2,564	-
	<u>24,650</u>	<u>130,703</u>

20. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
2,000,000 (2022 - 2,000,000) Ordinary shares of £1.00 each	<u>2,000,000</u>	<u>2,000,000</u>

Each ordinary share has equal voting and dividend rights.

21. Reserves

Profit and loss account

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

FANHAMS HALL HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 APRIL 2023

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 £28,619 (2022 - £21,754). Contributions totalling £nil (2022 - £9,620) were payable to the fund at the statement of financial position date and are included in other creditors.

23. Related party transactions

Under the provisions of Financial Reporting Standard 102 section 33, the company is exempt from disclosing transactions or balances with other wholly owned group companies.

24. 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 Hotel (Castle Combe) Limited.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.