

**Bannatyne Spa Hotel  
(Charlton House) Limited**

Report and Financial Statements

Year Ended

31 December 2015

Company Number 06519252

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COMPANIES HOUSE

## **Bannatyne Spa Hotel (Charlton House) Limited**

### **Company Information**

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<b>Directors</b>	S Hancock J Musgrove E James K P Campling
<b>Company secretary</b>	E James
<b>Registered number</b>	06519252
<b>Registered office</b>	Power House Haughton Road Darlington Co Durham DL1 1ST
<b>Independent auditor</b>	BDO LLP 1 Bridgewater Place Water Lane Leeds LS11 5RU
<b>Bankers</b>	Handelsbanken Beaumont House Beaumont Street Darlington Co Durham DL1 5RW
<b>Solicitors</b>	Watson Burton 1 St James' Gate Newcastle upon Tyne NE99 1YQ

# **Bannatyne Spa Hotel (Charlton House) Limited**

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# **Bannatyne Spa Hotel (Charlton House) Limited**

## **Directors' Report For the Year Ended 31 December 2015**

The directors present their report and the financial statements for the year ended 31 December 2015.

### **Principal activity**

The principal activity of the company is the management of a health club and spa.

The company operates a spa hotel in Shepton Mallett.

### **Results and dividends**

The profit for the year, after taxation, amounted to £1,082,400 (2014 - £58,110).

There were no dividends paid in the year. The directors do not recommend the payment of a final dividend.

### **Directors**

The directors who served during the year were:

D W Bannatyne OBE, D.Sc. DBA (resigned 4 April 2016)

S Hancock

J Musgrove (appointed 29 January 2015)

Bannatyne Hotels Limited (appointed 29 January 2015, resigned 8 April 2016)

E James (appointed 9 September 2015)

G N Armstrong FM AAT (removed 29 January 2015)

K P Campling was appointed as a director on 30 January 2016.

### **Change in accounting framework**

The company has adopted FRS 101 'Reduced Disclosure Framework' for the first time this year. The impact of this change is shown in note 22.

### **Disclosure of information to auditor**

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

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

### **Auditors**

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 3 MAY 2016 and signed on its behalf.

.....  
J Musgrove  
Director

# **Bannatyne Spa Hotel (Charlton House) Limited**

## **Directors' Responsibilities Statement**

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The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# **Bannatyne Spa Hotel (Charlton House) Limited**

## **Independent Auditor's Report to the Shareholders of Bannatyne Spa Hotel (Charlton House) Limited**

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We have audited the financial statements of Bannatyne Spa Hotel (Charlton House) Limited for the year ended 31 December 2015, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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.

### **Respective responsibilities of Directors and Auditor**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

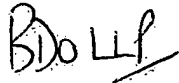
## Bannatyne Spa Hotel (Charlton House) Limited

### Independent Auditor's Report to the Shareholders of Bannatyne Spa Hotel (Charlton House) Limited

#### Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.



Paul Davies (Senior Statutory Auditor)

for and on behalf of  
**BDO LLP**

1 Bridgewater Place  
Water Lane  
Leeds  
LS11 5RU  
Date:

4 May 2016

## Bannatyne Spa Hotel (Charlton House) Limited

### Statement of Comprehensive Income For the Year Ended 31 December 2015

	Note	2015 £	2014 £
Turnover	3	2,358,553	2,127,260
Cost of sales		(447,893)	(392,158)
<b>Gross profit</b>		<b>1,910,660</b>	<b>1,735,102</b>
Administrative expenses		(1,719,989)	(1,606,783)
Reversal of previous impairment of freehold property		952,354	-
<b>Operating profit</b>		<b>1,143,025</b>	<b>128,319</b>
Interest payable and similar charges	7	(42,092)	(53,327)
<b>Profit on ordinary activities before tax</b>		<b>1,100,933</b>	<b>74,992</b>
Tax on profit on ordinary activities	8	(18,533)	(16,882)
<b>Profit on ordinary activities for the year</b>		<b><u>1,082,400</u></b>	<b><u>58,110</u></b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Unrealised surplus on revaluation of tangible fixed assets		135,526	-
Tax relating to components of other comprehensive income	15	(27,105)	-
		<b>108,421</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b><u>1,190,821</u></b>	<b><u>58,110</u></b>

The notes on pages 8 to 22 form part of these financial statements.



**Bannatyne Spa Hotel (Charlton House) Limited**  
Registered number: 06519252

**Statement of Financial Position**  
**As at 31 December 2015**

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Tangible fixed assets	9	3,995,633	2,659,029
		<u>3,995,633</u>	<u>2,659,029</u>
<b>Current assets</b>			
Stocks	10	44,769	47,522
Debtors: amounts falling due within one year	11	167,254	131,212
Cash at bank and in hand	12	95,083	135,883
		<u>307,106</u>	<u>314,617</u>
Creditors: amounts falling due within one year	13	(3,884,049)	(3,775,644)
<b>Net current liabilities</b>		<u>(3,576,943)</u>	<u>(3,461,027)</u>
<b>Total assets less current liabilities</b>		<u>418,690</u>	<u>(801,998)</u>
 <b>Provisions for liabilities</b>			
Deferred taxation		(80,042)	(50,175)
 <b>Net assets/(liabilities)</b>		<u><u>338,648</u></u>	<u><u>(852,173)</u></u>
 <b>Capital and reserves</b>			
Called up share capital	16	100	100
Revaluation reserve	17	108,421	0
Profit and loss account	17	230,127	(852,273)
		<u><u>338,648</u></u>	<u><u>(852,173)</u></u>

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

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

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**J Musgrove**  
Director

3 MAY 2016

The notes on pages 8 to 22 form part of these financial statements.

## Bannatyne Spa Hotel (Charlton House) Limited

### Statement of Changes in Equity As at 31 December 2015

	Share capital £	Retained earnings £	Total equity £
At 1 January 2014	100	(910,383)	(910,283)
<b>Comprehensive income for the year</b>			
Profit for the year	-	58,110	58,110
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income for the year</b>	-	58,110	58,110
<b>At 31 December 2014</b>	<b>100</b>	<b>(852,273)</b>	<b>(852,173)</b>

	Share capital £	Revaluation reserve £	Retained earnings £	Total equity £
At 1 January 2015	100	-	(852,273)	(852,173)
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,082,400	1,082,400
Surplus on revaluation of freehold property	-	135,526	-	135,526
Tax relating to components of other comprehensive income	-	(27,105)	-	(27,105)
<b>Other comprehensive income for the year</b>	-	108,421	-	108,421
<b>Total comprehensive income for the year</b>	-	108,421	1,082,400	1,190,821
<b>At 31 December 2015</b>	<b>100</b>	<b>108,421</b>	<b>230,127</b>	<b>338,648</b>

The notes on pages 8 to 22 form part of these financial statements.

# **Bannatyne Spa Hotel (Charlton House) Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2015**

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### **1. Accounting policies**

#### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold property and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 101 is given in note 22.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 2).

This change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with applicable accounting standards. Consequently the principal accounting policies are unchanged from the prior year. The change in basis of preparation has enabled the company to take advantage of all of the available disclosure exemptions permitted by FRS 101 in the financial statements, the most significant of which are summarised below. There have been no other material amendments to the disclosure requirements previously applied in accordance with applicable accounting standards.

#### **1.2 Disclosure exemptions adopted**

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by Bannatyne Hotels Limited

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Bannatyne Hotels Limited. These financial statements do not include certain disclosures in respect of:

- Financial Instruments;
- Fair value measurement; and
- Impairment of assets

The financial statements of Bannatyne Hotels Limited can be obtained as described in note 21.

# **Bannatyne Spa Hotel (Charlton House) Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2015**

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### **1. Accounting policies (continued)**

#### **1.3 Going concern**

The company's business activities are set out in the principal activity sections of the Directors' report. The management of the business and the execution of the company's strategy are subject to a number of risks. The risks and uncertainties facing the business are discussed below.

The company is a subsidiary undertaking of Bannatyne Hotels Limited, which has in place medium term debt finance that is designed to ensure the group has sufficient funds for its operations. There is a group cross guarantee in place between Bannatyne Hotels Limited and Bannatyne Spa Hotel (Charlton House) Limited in regards to the bank loan. The banking arrangements and the associated covenants are tested and certified quarterly based on rolling cash flow forecasts and are monitored by management on an ongoing basis. A breach of one or more of these covenants could result in the group's debt becoming immediately repayable should it not be remedied or waived.

The company's day to day operations are cash based. However, the company is subject to a number of uncertainties, some of which arise as a result of the current economic conditions, including (a) competition that exists within the industry; (b) the level of disposable income the average household has to fund leisure and social activities; and (c) the ability of the group to remain compliant with the terms of its bank finance in the foreseeable future. The directors have considered the performance of the company in 2015 and their forecast for 2016 and 2017 and taking account of reasonably possible changes in trading and performance, they are confident that the terms and covenants of all current facilities will be met.

In coming to this conclusion the directors have noted that the balance sheet of the company at 31 December 2015 is in a net current liability position and consider that this is mainly the result of the original purchase of the trade and assets of the company giving rise to an intercompany creditor of £3.2m owing to the company's parent undertaking. The parent company has confirmed in writing that it will continue to support Bannatyne Spa Hotel (Charlton House) Limited with the provision of intercompany funding if required. Accordingly, the directors believe that the company will continue to be able to meet its debts as they fall due and have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual report and accounts.

#### **1.4 Turnover**

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Turnover is recognised on delivery of goods and services to customers. Income in respect of deposits paid in advance is recognised on delivery of goods and services to customers and matched against the associated costs of providing the service.

# **Bannatyne Spa Hotel (Charlton House) Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2015**

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### **1. Accounting policies (continued)**

#### **1.5 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.

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

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

Freehold property	-	50 years
Fixtures and fittings	-	3 to 10 years

The assets' residual values, useful lives and depreciation methods are reviewed annually, 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 within 'other operating income' in the Statement of Comprehensive Income.

#### **1.6 Revaluation of tangible fixed assets**

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in Other Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

#### **1.7 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

# **Bannatyne Spa Hotel (Charlton House) Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2015**

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### **1. Accounting policies (continued)**

#### **1.8 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.

#### **1.9 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.

#### **1.10 Financial instruments**

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

##### **Financial assets**

The company classifies all of its financial assets as loans and receivables.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Income Statement. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

##### **Financial liabilities**

The company classifies all of its financial liabilities as liabilities at amortised cost.

##### **At amortised cost**

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

# **Bannatyne Spa Hotel (Charlton House) Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2015**

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### **1. Accounting policies (continued)**

#### **1.11 Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### **1.12 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 payments obligations.

The contributions are recognised as an expense in the Income Statement 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.

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

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change 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 balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

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

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

# **Bannatyne Spa Hotel (Charlton House) Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2015**

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

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

#### **Impairment**

The directors are required to 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.

#### *Other key sources of estimation uncertainty*

#### **Tangible fixed assets**

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Freehold properties are carried at fair value having been professionally valued annually using a yield methodology. This uses market rental values capitalised at a market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

### **3. Analysis of turnover and segmental information**

The company has one reportable operating segment being the management and operation of a hotel.

The Chief Operating Decision Maker monitors the results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment prior to charges for tax and amortisation.

The company operates and generates its revenue from customers in the United Kingdom only.



# Bannatyne Spa Hotel (Charlton House) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2015

### 4. Operating profit

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets	105,056	106,211
Loss on disposal of tangible fixed assets	-	5,538
Staff costs (see note 6)	842,695	781,846
Cost of stocks recognised as an expense	447,893	392,158
Reversal of previous impairment of freehold property	952,354	-
	<u>952,354</u>	<u>-</u>

During the year, no director received any emoluments (2014 - £NIL).

### 5. Auditors' remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the company:

	2015 £	2014 £
Fees for the audit of the company	<u>7,500</u>	<u>7,750</u>

### 6. Employees

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	791,433	730,880
Social security costs	47,938	47,940
Cost of defined contribution scheme	3,324	3,026
	<u>842,695</u>	<u>781,846</u>

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

	2015 No.	2014 No.
Hotel staff	<u>60</u>	<u>60</u>

## Bannatyne Spa Hotel (Charlton House) Limited

### Notes to the Financial Statements For the Year Ended 31 December 2015

#### 7. Interest payable and similar charges

	2015 £	2014 £
Intercompany interest payable	<u>42,092</u>	<u>53,327</u>

#### 8. Taxation

	2015 £	2014 £
<b>Current tax</b>		
Current tax on profits for the year	15,854	10,663
Adjustments in respect of previous periods	(83)	(7,719)
<b>Total current tax</b>	<u>15,771</u>	<u>2,944</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	7,710	12,940
Changes to tax rates	(5,025)	(899)
Adjustment in respect of previous periods	77	1,897
<b>Total deferred tax</b>	<u>2,762</u>	<u>13,938</u>
<b>Taxation on profit on ordinary activities</b>	<u>18,533</u>	<u>16,882</u>

# Bannatyne Spa Hotel (Charlton House) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2015

### 8. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>1,100,933</u>	<u>74,992</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%)	222,939	16,116
<b>Effects of:</b>		
Expenses not deductible for tax purposes	508	-
Reversal of previously impaired assets	(192,852)	-
Capital allowances for year in excess of depreciation	4,757	3,634
Adjustments to tax charge in respect of prior periods	(6)	(5,822)
Changes to tax rates	(5,025)	(899)
Other differences leading to an increase/(decrease) in the tax charge	(967)	4,038
Group relief	(10,821)	-
Marginal relief	-	(185)
<b>Total tax charge for the year</b>	<u>18,533</u>	<u>16,882</u>

#### Changes to corporation tax rates

During the year the UK corporation tax rate was reduced from 21% to 20%. Deferred tax that expected to reverse in future periods has been calculated using rates that were substantively enacted at 31 December 2015.

#### Tax on other comprehensive income

	Before tax 2015 £	Tax £	After tax 2015 £
Property revaluation	<u>135,526</u>	<u>(27,105)</u>	<u>108,421</u>

There was no other comprehensive income in the year ended 31 December 2014.

## Bannatyne Spa Hotel (Charlton House) Limited

### Notes to the Financial Statements For the Year Ended 31 December 2015

#### 9. Tangible fixed assets

	Freehold property £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>			
At 1 January 2015	3,311,051	700,898	4,011,949
Additions	291,190	62,590	353,780
Revaluations	1,087,880	-	1,087,880
<b>At 31 December 2015</b>	<b>4,690,121</b>	<b>763,488</b>	<b>5,453,609</b>
<b>Depreciation</b>			
At 1 January 2015	1,057,010	295,910	1,352,920
Charge for the period	33,111	71,945	105,056
<b>At 31 December 2015</b>	<b>1,090,121</b>	<b>367,855</b>	<b>1,457,976</b>
<b>At 31 December 2015</b>	<b><u>3,600,000</u></b>	<b><u>395,633</u></b>	<b><u>3,995,633</u></b>
At 31 December 2014	<u>2,254,041</u>	<u>404,988</u>	<u>2,659,029</u>

The freehold property of the company is pledged as security against the borrowings of its parent company, Bannatyne Hotels Limited, via a cross guarantee (note 18).

#### Impairments

Fixed assets are tested annually for impairment by management if there are any indications that they might be impaired. The recoverable amount of fixed assets is determined from value in use calculations, for which key assumptions relate to discount rates, growth rates and forecast changes to margins in the period. The key assumptions reflect the company's past experience, with adjustments for anticipated changes in future conditions.

The company prepares cash flow forecasts derived from its most recent financial plans, approved by management for the next year, which it rolls forward for 5 years and then extrapolates into perpetuity using growth assumptions relevant for the business sector. The growth rate used is 2.5%, which is not higher than the average long term industry growth rate. The rate used to discount the forecast cash flows was 13%.

# Bannatyne Spa Hotel (Charlton House) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2015

### 9. Tangible fixed assets (continued)

#### Valuation

The company's freehold property was valued in October 2015 on an open market basis by qualified valuers from Sanderson Weatherall, an independent firm of Chartered Surveyors. The valuations were carried out in accordance with guidance from the Royal Institute of Chartered Surveyors.

The fair value determined has been applied at 31 December 2015. Part of the uplift has been recognised as a reversal of previous impairment in the Statement of Comprehensive Income, and the residual uplift has been recognised through Other Comprehensive Income in the revaluation reserve, net of deferred tax effects.

	Land and buildings £
<b>At cost</b>	<b>2,512,120</b>
<b>At valuation:</b>	
Open market value uplift – October 2015	<u>1,087,880</u>
	<u><b>3,600,000</b></u>

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2015 £	2014 £
Cost	2,512,120	2,512,120
Accumulated depreciation	(1,090,121)	(1,057,010)
<b>Net book value</b>	<u><b>1,421,999</b></u>	<u><b>1,455,110</b></u>

### 10. Stocks

	2015 £	2014 £
Finished goods and goods for resale	<u><b>44,769</b></u>	<u><b>47,522</b></u>

# Bannatyne Spa Hotel (Charlton House) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2015

### 11. Debtors

	2015 £	2014 £
Trade debtors	12,699	2,922
Amounts owed by group undertakings	121,027	91,477
Other debtors	1,400	1,400
Prepayments and accrued income	32,128	35,413
	<u>167,254</u>	<u>131,212</u>

The carrying value of trade and other debtors classified as loans and receivables approximates fair value.

There are no provisions for doubtful debts deducted from the amounts shown above.

All amounts shown fall due within one year.

### 12. Cash and cash equivalents

	2015 £	2014 £
Cash at bank and in hand	<u>95,083</u>	<u>135,883</u>

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

	2015 £	2014 £
Trade creditors	230,661	127,015
Amounts owed to group undertakings	3,202,635	3,224,673
Corporation tax	15,771	10,663
Taxation and social security	50,660	108,950
Other creditors	78,281	74,441
Amounts due to related parties	42,626	37,017
Accruals and deferred income	263,415	192,885
	<u>3,884,049</u>	<u>3,775,644</u>

# Bannatyne Spa Hotel (Charlton House) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2015

### 14. Financial instruments

	2015 £	2014 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>230,209</u>	<u>231,682</u>
	2015 £	2014 £
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(3,721,927)</u>	<u>(3,535,648)</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors and accruals.

### 15. Deferred taxation

	Deferred tax £
At 1 January 2015	50,175
Charged to the profit or loss	2,762
Arising on revaluation of freehold property – other comprehensive income	27,105
<b>At 31 December 2015</b>	<u><b>80,042</b></u>

The provision for deferred taxation is made up as follows:

	2015 £	2014 £
Accelerated capital allowances	53,119	50,454
Revaluation of freehold property	27,105	-
Sundry timing differences	(182)	(279)
	<u><b>80,042</b></u>	<u>50,175</u>

## Bannatyne Spa Hotel (Charlton House) Limited

### Notes to the Financial Statements For the Year Ended 31 December 2015

#### 16. Share capital

	2015 £	2014 £
<b>Allotted, called up and fully paid</b>		
100- Ordinary shares of £1 each	<u>100</u>	<u>100</u>

All shares carry the right to one vote and to participate in dividends of the company.

#### 17. Reserves

##### Revaluation reserve

The cumulative surplus or deficit on revaluation of tangible fixed assets.

##### Profit and loss account

Profit and loss account represents cumulative net gains and losses recognised in the statement of comprehensive income.

#### 18. Contingent liabilities

The company is party to the guarantee over the group's bank borrowings. The borrowings are jointly and severally guaranteed by the company and other group members and are secured by certain assets of the group. At the year end the liabilities covered by these guarantees totalled £7,955,168 (2014 - £7,790,624).

#### 19. 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 charge amounted to £3,324 (2014 - £3,026). Contributions totalling £1,053 (2014 - £1,010) were payable to the fund at the balance sheet date and are included in creditors.



# Bannatyne Spa Hotel (Charlton House) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2015

### 20. Related party transactions

	Charges from related parties £	Expenses paid by related parties and recharged £	Amounts owed to related parties £	Income collected by related party and recharged £
<b>2015</b>				
Bannatyne Fitness Limited	6,000	804,912	42,386	443,005
Bannatyne Charitable Trust	-	-	240	-
<b>2014</b>				
Bannatyne Fitness Limited	6,000	780,847	36,697	431,041
Bannatyne Charitable Trust	-	-	319	-

Bannatyne Fitness Limited is a company under common control.

Bannatyne Charitable Trust is under common control. The amounts outstanding relate to donations collected on behalf of the Trust. These amounts are interest free and repayable on demand.

### 21. Controlling party

D W Bannatyne OBE, D.Sc. DBA, and members of his close family, control the company as a result of controlling directly or indirectly 100% of the issued share capital of Bannatyne Hotels Limited.

The company is a subsidiary of Bannatyne Hotels Limited, incorporated in England and Wales. The ultimate parent company is Bannatyne Group Limited, also incorporated in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by Bannatyne Hotels Limited, incorporated in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from Power House, Haughton Road, Darlington, Co Durham, DL1 1ST. No other group accounts include the results of the company.

### 22. First time adoption of FRS 101

The policies applied under the entity's previous accounting framework are not materially different to FRS 101 and have not impacted on equity or profit or loss.