

Registered number  
07897225

BAILBROOK HOUSE HOTEL LIMITED

Report and Accounts

26 November 2015

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**BAILBROOK HOUSE HOTEL LIMITED**  
**Report and Accounts**  
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**BAILBROOK HOUSE HOTEL LIMITED**  
**Company Information**

**Directors**

K Arkley  
J Hands

**Secretary**

Jordans Company Secretaries Limited

**Auditor**

BDO LLP  
55 Baker Street  
London  
W1U 7EU

**Registered office**

The Old Library  
The Drive  
Sevenoaks  
Kent  
TN13 3AB

**Registered number**

07897225

**BAILBROOK HOUSE HOTEL LIMITED**  
**Strategic Report**  
**for the period ended 26 November 2015**

The directors present their strategic report for the period ended 26 November 2015.

**Business review**

The results for the period and financial position are as shown in the annexed financial statements. The directors are optimistic as to the future success of the group.

The hotel turnover for the period was £4.22m (2014: £3.70m) and the operating loss was £917k (2014: loss of £1,139k). EBITDA for the period was a loss of £202k (2014: loss of £442k).

The group operates within the upmarket country house hotel business and has undertaken to maintain the assets of the business through a programme of improvements to services and facilities.

The group is well positioned for growth as the market recovers in the sector, driven by investment that will deliver increases in sales and EBITDA. The hotel is currently operated under a management contract by Hand Picked Hotels and added exposure to their improving brand, together with the continued drive towards excellence in service provision, will contribute to future growth.

**Principal risks and uncertainties**

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

- economic recession;
- changes to government regulations including legislation on employees, environmental and health and safety;
- natural disasters.

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

**Expansion for the future**

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

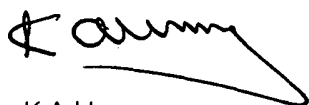
**Environment**

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

**Personnel**

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

This report was approved by the board on 19 August 2016.



K Arkley  
Director

## **BAILBROOK HOUSE HOTEL LIMITED**

**Registered number:** 07897225

### **Directors' Report**

The directors present their report and accounts for the period ended 26 November 2015.

#### **Principal activities**

The group's principal activity during the period was the ownership and operation of Bailbrook House Hotel.

#### **Results and dividends**

The loss before tax for the period for the group was £916k (2014: £1,139k).

No dividends were paid during the period ended 26 November 2015 (2014: £nil).

#### **Directors**

The following persons served as directors during the period:

K Arkley

J Hands

#### **Directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and company and of the profit or loss of the group and company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**BAILBROOK HOUSE HOTEL LIMITED**

**Registered number:** 07897225

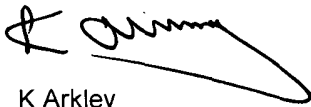
**Directors' Report**

**Provision 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 information needed by the Company's auditor in connection with preparing their report and to establish that the Company's auditor is aware of that information.

This report was approved by the board on 19 August 2016.



K Arkley  
Director

**BAILBROOK HOUSE HOTEL LIMITED**  
**Independent Auditor's Report**  
**to the members of BAILBROOK HOUSE HOTEL LIMITED**

We have audited the financial statements of Bailbrook House Hotel Limited for the period ended 26 November 2015 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement 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).

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 auditors**

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 group's and the company's affairs as at 26 November 2015 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matters prescribed by the Companies Act 2006**

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

**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 parent company 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.



Stuart Collins (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London, UK

*24 August 2016*

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

**BAILBROOK HOUSE HOTEL LIMITED**  
**Consolidated Profit and Loss Account**  
**for the period from 28 November 2014 to 26 November 2015**

	Notes	2015 £	2014 £
<b>Turnover</b>		4,215,836	3,702,834
Cost of sales		(1,048,012)	(939,938)
<b>Gross profit</b>		<u>3,167,824</u>	<u>2,762,896</u>
Administrative expenses		(4,084,727)	(3,902,080)
<b>Operating loss</b>	2	<u>(916,903)</u>	<u>(1,139,184)</u>
<b>Loss on ordinary activities before taxation</b>		<u>(916,903)</u>	<u>(1,139,184)</u>
Tax on loss on ordinary activities	4	-	-
<b>Loss for the period</b>	12	<u>(916,903)</u>	<u>(1,139,184)</u>

**Continuing operations**

All results are derived from continuing operations.

**Statement of total recognised gains and losses**

The company has no recognised gains or losses other than the loss for the above two periods.



**BAILBROOK HOUSE HOTEL LIMITED**  
**Consolidated Balance Sheet**  
**as at 26 November 2015**

	Notes	2015		2014	
		Group	Company	Group	Company
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	5	14,973,796	14,973,796	15,531,314	15,531,314
Investments	6	-	1	-	1
		<u>14,973,796</u>	<u>14,973,797</u>	<u>15,531,314</u>	<u>15,531,315</u>
<b>Current assets</b>					
Stocks	7	18,318	-	25,733	-
Debtors	8	168,689	-	226,291	83,332
Cash at bank and in hand		<u>1,377,428</u>	<u>39,148</u>	<u>767,892</u>	<u>35,073</u>
		1,564,435	39,148	1,019,916	118,405
<b>Creditors: amounts falling due within one year</b>	10	(2,065,984)	(333,525)	(1,162,080)	(260,571)
<b>Net current liabilities</b>		<u>(501,549)</u>	<u>(294,377)</u>	<u>(142,164)</u>	<u>(142,166)</u>
<b>Total assets less current liabilities</b>		14,472,247	14,679,420	15,389,150	15,389,149
<b>Capital and reserves</b>					
Called up share capital	11	196,678	196,678	196,678	196,678
Share premium		19,470,960	19,470,960	19,470,960	19,470,960
Profit and loss account	12	(5,195,391)	(4,988,218)	(4,278,488)	(4,278,489)
<b>Shareholders' funds</b>	13	<u>14,472,247</u>	<u>14,679,420</u>	<u>15,389,150</u>	<u>15,389,149</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 August 2016.



K Arkley  
Director

**BAILBROOK HOUSE HOTEL LIMITED**  
**Consolidated Cash Flow Statement**  
**for the period from 28 November 2014 to 26 November 2015**

	Notes	2015 £	2014 £
<b>Reconciliation of operating loss to net cash inflow/(outflow) from operating activities</b>			
Operating loss		(916,903)	(1,139,184)
Depreciation		714,756	696,851
Decrease/(increase) in stocks		7,415	(5,737)
Decrease in debtors		57,604	610,648
Decrease/(increase) in creditors		220,843	(240,564)
<b>Net cash inflow/(outflow) from operating activities</b>		<u>83,715</u>	<u>(77,986)</u>

**CASH FLOW STATEMENT**

<b>Net cash inflow/(outflow) from operating activities</b>		83,715	(77,986)
<b>Taxation</b>		-	-
<b>Capital expenditure</b>	14	<u>(174,179)</u> (90,464)	<u>(350,115)</u> (428,101)
<b>Financing</b>	14	700,000	200,000
<b>Increase/(decrease) in cash</b>		<u>609,536</u>	<u>(228,101)</u>

**Reconciliation of net cash flow to movement in net debt**

Increase/(decrease) in cash in the period		609,536	(228,101)
Increase in debt and financing		(700,000)	(200,000)
<b>Change in net debt</b>	15	<u>(90,464)</u>	<u>(428,101)</u>
<b>Opening net debt</b>		567,892	995,993
<b>Closing net debt</b>	15	<u>477,428</u>	<u>567,892</u>

# **BAILBROOK HOUSE HOTEL LIMITED**

## **Notes to the Accounts**

**for the period from 28 November 2014 to 26 November 2015**

### **1 Accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and preceding period.

#### ***Basis of accounting***

The financial statements have been prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards.

#### ***Basis of preparation: going concern***

The Group reports net current liabilities and losses for the period. The controlling party has indicated that it will continue to provide financial support as necessary for the foreseeable future to ensure the Company can meet all liabilities as they fall due. On this basis the directors are satisfied that it is appropriate to prepare these accounts on a going concern basis.

#### ***Basis of consolidation***

The group accounts consolidate the accounts of Bailbrook House Hotel Limited and all of its subsidiaries from the date of acquisition, or up to the date of disposal, for the period ended 26 November 2015.

No profit and loss account is presented for Bailbrook House Hotel Limited as permitted by section 408 of the Companies Act 2006. The company loss for the period ending 26 November 2015 was £709,729.

#### ***Turnover***

Turnover represents amounts receivable for accommodation, food and beverage sales and ancillary hotel services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Turnover is recognised at the point at which goods and services are delivered to the customer. Deposits which have been received at the balance sheet date for which services have not yet been provided are shown as payments in advance within creditors. In the view of the directors, turnover is considered to be generated from one geographical segment on the grounds that the hotel is located in the United Kingdom.

#### ***Depreciation***

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost less estimated residual value, of each asset evenly over its expected useful life, as follows:

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

#### ***Stocks***

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

# BAILBROOK HOUSE HOTEL LIMITED

## Notes to the Accounts

for the period from 28 November 2014 to 26 November 2015

### 1 ACCOUNTING POLICIES (continued)

#### *Taxation*

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax balances are not discounted.

#### *Related party transactions*

The company has taken advantage of the exemptions in FRS 8 in connection with the disclosure of transactions with other wholly owned group undertakings.

#### *Pensions*

The group operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2 Operating loss	2015 £	2014 £
This is stated after charging:		
Depreciation of owned fixed assets	714,756	696,851
Auditor's remuneration for audit services	4,500	4,000
3 Staff costs	2015 £	2014 £
Wages and salaries	1,595,482	1,476,526
Social security costs	114,754	110,728
Other pension costs	15,615	10,641
	<u>1,725,851</u>	<u>1,597,895</u>
Agency staff	109,369	194,766
	<u>1,835,220</u>	<u>1,792,661</u>

None of the directors received any remuneration for the period (2014: £nil).

Average number of employees during the year	Number	Number
Hotel operations	62	62
Administration	8	8
	<u>70</u>	<u>70</u>

**BAILBROOK HOUSE HOTEL LIMITED****Notes to the Accounts****for the period from 28 November 2014 to 26 November 2015**

<b>4 Taxation</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Analysis of charge in period</b>		
Current tax	-	-
Deferred tax	-	-
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

**Factors affecting tax charge for period**

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities before tax	<u>(916,903)</u>	<u>(1,139,184)</u>
Standard rate of corporation tax in the UK	20.3%	21.7%
	<b>£</b>	<b>£</b>
Profit on ordinary activities multiplied by the standard rate of corporation tax	(186,570)	(247,203)
Effects of:		
Unrelieved tax losses and other deductions arising in period	21,029	95,969
Expenses not deductible for corporation tax purposes	-	47
Depreciation in excess of capital allowances	-	17,488
Group relief surrendered	20,103	-
Fixed asset differences	<u>145,438</u>	<u>133,699</u>
Current tax charge for period	<u>-</u>	<u>-</u>

The group has potential deferred tax assets of £305,270 (2014: £406,986) of which £24,716 relates to fixed asset timing differences and £280,554 relates to trading losses carried forward available for offset against future trading profits.

# BAILBROOK HOUSE HOTEL LIMITED

## Notes to the Accounts

for the period from 28 November 2014 to 26 November 2015

### 5 Tangible fixed assets

Group and company	Freehold Land and buildings £	Fixtures & Fittings £	Total £
<b>Cost</b>			
At 28 November 2014	12,109,376	4,730,588	16,839,964
Additions	-	157,238	157,238
At 26 November 2015	<u>12,109,376</u>	<u>4,887,826</u>	<u>16,997,202</u>
<b>Depreciation</b>			
At 28 November 2014	333,421	975,229	1,308,650
Charge for the period	172,729	542,027	714,756
At 26 November 2015	<u>506,150</u>	<u>1,517,256</u>	<u>2,023,406</u>
<b>Net book value</b>			
At 26 November 2015	<u>11,603,226</u>	<u>3,370,570</u>	<u>14,973,796</u>
At 27 November 2014	<u>11,775,955</u>	<u>3,755,359</u>	<u>15,531,314</u>

Included in freehold land and buildings is freehold land of £937,876 which is not depreciated (2014: £937,876).

### 6 Investments

Company only	Investments in subsidiary undertakings £
<b>Cost</b>	
At 27 November 2014 and at 26 November 2015	<u>1</u>

The company has an investment in the following wholly owned subsidiary:

Company	Country of incorporation	Shares held Class	%
Bailbrook House Hotel (No. 2) Limited	England and Wales	Ordinary	100
		<b>2015</b>	<b>2014</b>
		£	£
Aggregate capital and reserves		(2,771,380)	(2,507,522)
Loss for the period		<u>(263,858)</u>	<u>(490,478)</u>

### 7 Stocks

	2015 £	2014 £
<b>Group only</b>		
Goods for resale	18,318	25,733
	<u>18,318</u>	<u>25,733</u>

# **BAILBROOK HOUSE HOTEL LIMITED**

## **Notes to the Accounts**

**for the period from 28 November 2014 to 26 November 2015**

<b>8 Debtors</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
Trade debtors	86,780	129,247
Amounts due from related undertakings	388	388
Other debtors	49,810	43,089
Prepayments and accrued income	31,711	35,119
Other taxes and social security costs	-	18,450
	<u>168,689</u>	<u>226,293</u>
<b>Company</b>		
Amounts due from subsidiary	-	64,882
Other taxes and social security costs	-	18,450
	<u>-</u>	<u>83,332</u>

## **9 Related party transactions**

Included within creditors, amounts falling due within one year, as at 26 November 2015 are other loan creditors of £900,000 (2014: £200,000) owed to Alscot Sarl, the company's ultimate parent undertaking. Also within creditors is included an amount of £339,971 (2014: £245,087) which is due to Hand Picked Hotels Limited and its subsidiaries, entities under common control. This arises from management charges and service fees for the year ending 26 November 2015 of £607,294 (2014: £502,708), plus amounts charged by Hand Picked Hotels Limited subsidiaries for other purposes.

<b>10 Creditors: amounts falling due within one year</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
Payments in advance	279,859	231,493
Trade creditors	157,766	180,773
Amounts due to immediate parent undertaking	900,000	200,000
Amounts due to related undertakings	339,971	245,087
Other taxes and social security costs	133,604	66,687
Other creditors	11,767	19,609
Accruals and deferred income	243,017	218,431
	<u>2,065,984</u>	<u>1,162,080</u>
<b>Company</b>		
Trade creditors	5,969	-
Amounts due to related undertakings	41,031	13,531
Other taxes and social security costs	54,178	-
Amounts due to parent undertaking	200,000	200,000
Accruals and deferred income	32,347	47,040
	<u>333,525</u>	<u>260,571</u>

Amounts due to parent undertaking represent unsecured and non-interest bearing loan stock.

<b>11 Share capital</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>	<b>£</b>	<b>£</b>
Allotted, called up and fully paid:				
Ordinary shares of £1 each	196,678	196,678	196,678	196,678

# BAILBROOK HOUSE HOTEL LIMITED

## Notes to the Accounts

for the period from 28 November 2014 to 26 November 2015

<b>12 Profit and loss account</b>	<b>2015</b>	<b>2014</b>	
	<b>£</b>	<b>£</b>	
<b>Group</b>			
Opening profit and loss account	(4,278,488)	(3,139,304)	
Loss for the period	(916,903)	(1,139,184)	
Closing profit and loss account	<u>(5,195,391)</u>	<u>(4,278,488)</u>	
<b>Company</b>			
Opening profit and loss account	(4,278,489)	(2,634,592)	
Loss for the period	(709,729)	(1,643,897)	
Closing profit and loss account	<u>(4,988,218)</u>	<u>(4,278,489)</u>	
<b>13 Reconciliation of movement in shareholders' funds</b>	<b>2015</b>	<b>2014</b>	
	<b>£</b>	<b>£</b>	
<b>Group</b>			
Opening shareholders' funds	15,389,150	16,528,334	
Loss for the financial period	(916,903)	(1,139,184)	
Closing shareholders' funds	<u>14,472,247</u>	<u>15,389,150</u>	
<b>Company</b>			
Opening shareholders funds	15,389,149	17,033,046	
Loss for the period	(709,729)	(1,643,897)	
Closing shareholders' funds	<u>14,679,420</u>	<u>15,389,149</u>	
<b>14 Gross cash flows</b>	<b>2015</b>	<b>2014</b>	
	<b>£</b>	<b>£</b>	
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets	<u>(174,179)</u>	<u>(350,115)</u>	
	<u>(174,179)</u>	<u>(350,115)</u>	
<b>Financing</b>			
New loans raised	<u>700,000</u>	<u>200,000</u>	
	<u>700,000</u>	<u>200,000</u>	
<b>15 Analysis of changes in net debt</b>	<b>At 28 Nov</b>	<b>Cash flows</b>	<b>At 26 Nov</b>
	<b>2014</b>		<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	767,892	609,536	1,377,428
Debt due within 1 year	<u>(200,000)</u>	<u>(700,000)</u>	<u>(900,000)</u>
Total net debt	567,892	(90,464)	477,428



**BAILBROOK HOUSE HOTEL LIMITED**

**Notes to the Accounts**

**for the period from 28 November 2014 to 26 November 2015**

**16 Ultimate parent company and controlling party**

The company's immediate and ultimate parent company is Alscot Sarl, a company incorporated in Luxembourg.

The ultimate controlling party is Mr G Hands.