

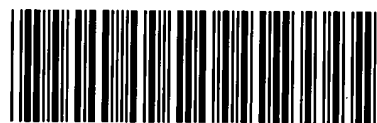
Registered number
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BAILBROOK HOUSE HOTEL LIMITED

Report and Financial Statements

24 November 2016

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BAILBROOK HOUSE HOTEL LIMITED
Report and Financial Statements
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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 24 November 2016

The directors present their strategic report for the period ended 24 November 2016.

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 turnover for the period was £4,373k (2015: £4,216k) and the operating loss was £817k (2015: loss of £917k). EBITDA for the period was a loss of £88k (2015: loss of £202k).

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 continues to recover 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 group'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 on behalf of the board and signed on 10 July 2017.



J Hands
Director

BAILBROOK HOUSE HOTEL LIMITED

Registered number: 07897225

Directors' Report

The directors present their report and financial statements for the periods ended 24 November 2016.

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 £817k (2015: £917k).

No dividends were paid during the period ended 24 November 2016 (2015: £nil).

Financial instruments

The group is exposed to the usual credit risk and cash flow movement involved with selling on credit and manages this through the company credit policy. The policy is to finance working capital through retained earnings and finance fixed assets through both earnings and short term, non-interest bearing loans from its ultimate parent undertaking.

The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of the group or company's financial position or result.

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 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 Ireland". 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 person who was a director at the time this report was approved confirms 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 10 July 2017 and signed on its behalf.



J Hands
Director

BAILBROOK HOUSE HOTEL LIMITED

Independent auditors' report to the members of BAILBROOK HOUSE HOTEL LIMITED

We have audited the financial statements of Bailbrook House Hotel Limited for the period ended 24 November 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statement of Changes in Equity, Consolidated Statement of Cash Flows 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 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.

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 accounts

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and the parent company's affairs as at 24 November 2016 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 Directors' Report and the Strategic 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 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.

BDO LLP

Ian Clayden (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London

04-08-2017

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

BAILBROOK HOUSE HOTEL LIMITED
Consolidated Statement of Comprehensive Income
for the periods from 27 November 2015 to 24 November 2016

	Notes	2016 £	2015 £
Turnover		4,373,080	4,215,836
Cost of sales		(1,052,964)	(1,048,012)
Gross profit		<u>3,320,116</u>	<u>3,167,824</u>
Administrative expenses		(4,137,063)	(4,084,727)
Operating loss	3	<u>(816,947)</u>	<u>(916,903)</u>
Loss on ordinary activities before taxation		<u>(816,947)</u>	<u>(916,903)</u>
Tax on loss on ordinary activities	5	-	-
Loss for the period		<u>(816,947)</u>	<u>(916,903)</u>
Other comprehensive income for the period		-	-
Total comprehensive loss for the periods		<u>(816,947)</u>	<u>(916,903)</u>

All amounts relate to continuing operations.

The notes on pages 10 to 19 form part of these financial statements.

BAILBROOK HOUSE HOTEL LIMITED
Consolidated and Company Statements of Financial Position
as at 24 November 2016

	Notes	24 November 2016		26 November 2015	
		Group	Company	Group	Company
		£	£	£	£
Fixed assets					
Tangible assets	6	14,345,149	14,345,149	14,973,796	14,973,796
Investments	7	-	1	-	1
		<u>14,345,149</u>	<u>14,345,150</u>	<u>14,973,796</u>	<u>14,973,797</u>
Current assets					
Stocks	8	22,066	-	18,318	-
Debtors	9	211,265	500	168,689	-
Cash and cash equivalents		<u>1,025,338</u>	<u>20,388</u>	<u>1,377,428</u>	<u>39,148</u>
		<u>1,258,669</u>	<u>20,888</u>	<u>1,564,435</u>	<u>39,148</u>
Creditors: amounts falling due within one year	10	(1,958,594)	(285,277)	(2,076,060)	(333,525)
Net current liabilities		(699,925)	(264,389)	(511,625)	(294,377)
Net assets		<u>13,645,224</u>	<u>14,080,761</u>	<u>14,462,171</u>	<u>14,679,420</u>
Capital and reserves					
Called up share capital	11	196,678	196,678	196,678	196,678
Share premium	12	19,470,960	19,470,960	19,470,960	19,470,960
Profit and loss account	12	(6,022,414)	(5,586,877)	(5,205,467)	(4,988,218)
Total equity		<u>13,645,224</u>	<u>14,080,761</u>	<u>14,462,171</u>	<u>14,679,420</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 July 2017.



J Hands
Director

The notes on pages 10 to 19 form part of these financial statements.

BAILBROOK HOUSE HOTEL LIMITED**Consolidated and Company Statements of Changes in Equity
for the periods from 28 November 2014 to 24 November 2016**

Group	Share capital £	Share premium £	Profit and loss account £	Total equity £
At 27 November 2015	196,678	19,470,960	(5,205,467)	14,462,171
Loss for the period	-	-	(816,947)	(816,947)
At 24 November 2016	<u>196,678</u>	<u>19,470,960</u>	<u>(6,022,414)</u>	<u>13,645,224</u>
At 28 November 2014	196,678	19,470,960	(4,288,564)	15,379,074
Loss for the period	-	-	(916,903)	(916,903)
At 26 November 2015	<u>196,678</u>	<u>19,470,960</u>	<u>(5,205,467)</u>	<u>14,462,171</u>
Company	£	£	£	£
At 27 November 2015	196,678	19,470,960	(4,988,218)	14,679,420
Loss for the period	-	-	(598,659)	(598,659)
At 24 November 2016	<u>196,678</u>	<u>19,470,960</u>	<u>(5,586,877)</u>	<u>14,080,761</u>
At 28 November 2014	196,678	19,470,960	(4,278,489)	15,389,149
Loss for the period	-	-	(709,729)	(709,729)
At 26 November 2015	<u>196,678</u>	<u>19,470,960</u>	<u>(4,988,218)</u>	<u>14,679,420</u>

The notes on pages 10 to 19 form part of these financial statements.

BAILBROOK HOUSE HOTEL LIMITED
Consolidated Statement of Cash Flows
for the periods from 27 November 2015 to 24 November 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Loss for the financial period		(816,947)	(916,903)
Adjustments for:			
Depreciation		728,647	714,756
(Increase)/decrease in stocks		(3,748)	7,415
(Increase)/decrease in debtors		(42,576)	57,604
(Decrease)/increase in creditors		(87,369)	220,843
Net cash (used in)/generated by operating activities		<u>(221,993)</u>	<u>83,715</u>
Cash flows from investing activities			
Payments to acquire tangible fixed assets		(130,097)	(174,179)
Net cash used in investing activities		<u>(130,097)</u>	<u>(174,179)</u>
Cash flows from financing activities			
Receipt of loans		-	700,000
Net cash generated by financing activities		<u>-</u>	<u>700,000</u>
Net cash (decrease)/increase in cash and cash equivalents		(352,090)	609,536
Cash and cash equivalents at beginning of the period		<u>1,377,428</u>	<u>767,892</u>
Cash and cash equivalents at the end of the period		<u>1,025,338</u>	<u>1,377,428</u>
Cash and cash equivalents comprise:			
Cash at bank		<u>1,025,338</u>	<u>1,377,428</u>

The notes on pages 11 to 19 form part of these financial statements.

BAILBROOK HOUSE HOTEL LIMITED
Notes to the Financial Statements
for the periods from 27 November 2015 to 24 November 2016

1 Accounting policies

General information

Bailbrook House Hotel Limited is a private limited company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the Strategic Report and Directors' Report.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

The financial statements for the period ended 24 November 2016 are the group and company's first financial statements that comply with FRS 102. The date of transition is 28 November 2014.

Information on the impact of first-time adoption of FRS 102 is given in note 18.

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 group and company's accounting policies (see note 2).

The following principal accounting policies have been applied consistently throughout the preceding and current periods.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No statement of cash flows has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and;
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

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 group and company can meet all liabilities as they fall due. On this basis the directors are satisfied that it is appropriate to prepare these financial statements on a going concern basis.

Basis of consolidation

The group financial statements consolidate the financial statements of Bailbrook House Hotel Limited and its subsidiary from the date of acquisition, up to the date of disposal, for the period ended 24 November 2016.

No profit and loss account is presented for Bailbrook House Hotel Limited as permitted by section 408 of the Companies Act 2006. The company's loss for the period ending 24 November 2016 is £598,659 (2015: loss of £709,729).

BAILBROOK HOUSE HOTEL LIMITED
Notes to the Financial Statements
for the periods from 27 November 2015 to 24 November 2016

Accounting policies (continued)

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. All turnover arose within the United Kingdom.

Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Stocks

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

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

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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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 the statement of comprehensive income 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, as follows:

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

Freehold land is not depreciated.

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

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

BAILBROOK HOUSE HOTEL LIMITED
Notes to the Financial Statements
for the periods from 27 November 2015 to 24 November 2016

Accounting policies (continued)

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment.

Creditors

Short term creditors are measured at the transaction price. Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or 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 country where the company operates and generates taxable income.

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

- 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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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.

Operating leases

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

BAILBROOK HOUSE HOTEL LIMITED
Notes to the Financial Statements
for the periods from 27 November 2015 to 24 November 2016

Accounting policies (continued)

Pensions

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income 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.

Financial instruments

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 payables or receivables, 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 financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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.

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 group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Related party transactions

The company has taken advantage of the exemption under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose transactions with other wholly owned members of the group.

Investment property

Investment property whose fair value can be measured reliably without undue cost and effort shall be measured at fair value at each reporting date with changes in fair value recognised in profit or loss. All other investment property is accounted for as property, plant and equipment using the cost model.

BAILBROOK HOUSE HOTEL LIMITED**Notes to the Financial Statements****for the periods from 27 November 2015 to 24 November 2016****2 Judgements in applying accounting policies and key sources of estimation uncertainty**

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

- Determine whether leases entered into by the group 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.
- Determine whether there are indicators of impairment of the group and company's fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 6)

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.

3 Operating loss	2016	2015
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	728,647	714,756
Auditors' remuneration for audit services	5,700	4,500
	<u>734,347</u>	<u>719,256</u>
4 Staff costs	2016	2015
	£	£
Wages and salaries	1,737,007	1,595,482
Social security costs	130,726	114,754
Other pension costs	17,567	15,615
	<u>1,885,300</u>	<u>1,725,851</u>
Agency staff	4,861	109,369
	<u>1,890,161</u>	<u>1,835,220</u>
Average number of employees during the period	Number	Number
Hotel operations	69	62
Administration	8	8
	<u>77</u>	<u>70</u>

None of the directors received any remuneration for the period (2015: £nil).

BAILBROOK HOUSE HOTEL LIMITED
Notes to the Financial Statements
for the periods from 27 November 2015 to 24 November 2016

5 Taxation	2016	2015
	£	£
Current tax		
UK corporation tax at 20.00% (2015: 20.35%)	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	-	-
	<hr/>	<hr/>
Movement in deferred tax provision		
Provision at start of period	-	-
Deferred tax charged in the statement of	-	-
	<hr/>	<hr/>
Provision at end of period	-	-
	<hr/>	<hr/>
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:		
Loss on ordinary activities before tax	<u>(816,947)</u>	<u>(916,903)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax	(163,389)	(186,570)
Effects of:		
Expenses not deductible for corporation tax purposes	142,090	145,438
Group relief surrendered	6,476	20,103
Deferred tax not recognised	11,394	-
Difference in tax rates	3,626	21,029
	<hr/>	<hr/>
Total tax charge for period	-	-
	<hr/>	<hr/>

The group has potential deferred tax assets of £283,508 (2015: £305,270) of which £36,110 relates to fixed asset timing differences and £247,398 relates to trading losses carried forward available for offset against future trading profits.

BAILBROOK HOUSE HOTEL LIMITED
Notes to the Financial Statements
for the periods from 27 November 2015 to 24 November 2016

6 Tangible fixed assets

Group and company	Freehold Land and buildings £	Fixtures & Fittings £	Total £
Cost			
At 27 November 2015	12,109,376	4,887,826	16,997,202
Additions	(2,785)	102,785	100,000
Disposals	-	(261,024)	(261,024)
At 24 November 2016	<u>12,106,591</u>	<u>4,729,587</u>	<u>16,836,178</u>
Depreciation			
At 27 November 2015	506,150	1,517,256	2,023,406
Charge for the periods	172,729	555,918	728,647
On disposals	-	(261,024)	(261,024)
At 24 November 2016	<u>678,879</u>	<u>1,812,150</u>	<u>2,491,029</u>
Carrying amount			
At 24 November 2016	<u>11,427,712</u>	<u>2,917,437</u>	<u>14,345,149</u>
At 26 November 2015	<u>11,603,226</u>	<u>3,370,570</u>	<u>14,973,796</u>

Included in freehold land and buildings is freehold land of £937,876 which is not depreciated (2015: £937,876).

7 Investments

Company only	Investments in subsidiary undertakings £
Cost	
At 26 November 2015 and at 24 November 2016	<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

BAILBROOK HOUSE HOTEL LIMITED**Notes to the Financial Statements****for the periods from 27 November 2015 to 24 November 2016**

8 Stocks	2016	2015
	£	£
Group only		
Goods for resale	<u>22,066</u>	<u>18,318</u>

Stock recognised in cost of sales during the period as an expense was £444,775 (2015: £447,869).

9 Debtors	2016	2015
	£	£
Group		
Trade debtors	148,478	86,780
Amounts due from related undertakings	388	388
Other debtors	37,334	49,810
Prepayments and accrued income	<u>25,065</u>	<u>31,711</u>
	<u>211,265</u>	<u>168,689</u>
Company		
Other debtors	<u>500</u>	<u>-</u>

10 Creditors: amounts falling due within one year	2016	2015
	£	£
Group		
Payments in advance	255,468	279,859
Trade creditors	113,057	157,766
Amounts due to immediate parent undertaking (1)	900,000	900,000
Amounts due to related undertakings	253,566	339,971
Other taxes and social security costs	168,901	133,604
Other creditors	11,044	11,767
Accruals and deferred income	<u>256,558</u>	<u>253,093</u>
	<u>1,958,594</u>	<u>2,076,060</u>
Company		
Trade creditors	14,902	5,969
Amounts due to related undertakings	14,892	41,031
Other taxes and social security costs	55,483	54,178
Amounts due to immediate parent undertaking (1)	200,000	200,000
Accruals and deferred income	<u>-</u>	<u>32,347</u>
	<u>285,277</u>	<u>333,525</u>

(1) Amounts due to parent undertaking represent unsecured and non-interest bearing loan stock which is repayable on demand.

BAILBROOK HOUSE HOTEL LIMITED**Notes to the Financial Statements****for the periods from 27 November 2015 to 24 November 2016**

11 Share capital	2016 Number	2015 Number	2016 £	2015 £
Allotted, called up and fully paid:				
Ordinary shares of £1 each	196,678	196,678	<u>196,678</u>	<u>196,678</u>

12 Reserves

Profit & loss account

This is cumulative profits or losses, net of dividends paid and other adjustments.

Share premium

The amount by which the amount received by a company for a stock issue exceeds its face value.

13 Defined contribution pension plans

The group operates a defined contributions 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 group to the fund and amounted to £17,567 (2015: £15,615). Contributions payable to the fund at the year end included in creditors for the group totalled £2,060 (2015: £2,384).

14 Commitments under operating leases

Total future minimum lease payments under non-cancellable operating leases for the group:

	Other 2016 £	Other 2015 £
Falling due:		
within one year	1,560	1,560
within two to five years	<u>4,290</u>	<u>5,850</u>
	5,850	7,410

15 Financial Instruments

The Group's financial instruments may be analysed as follows:

	2016 £	2015 £
Financial assets		
Financial assets measured at amortised cost	<u>1,211,538</u>	<u>1,514,406</u>
	<u>1,211,538</u>	<u>1,514,406</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(1,534,225)</u>	<u>(1,662,597)</u>
	<u>(1,534,225)</u>	<u>(1,662,597)</u>

Financial assets measured at amortised cost comprise trade and other debtors, amounts owed by related undertakings, accrued income and cash.

Financial liabilities measured at amortised cost comprise trade and other creditors, amounts due to immediate parent undertaking and relating undertakings, and accruals.

BAILBROOK HOUSE HOTEL LIMITED

Notes to the Financial Statements

for the periods from 27 November 2015 to 24 November 2016

16 Related party transactions

Included within creditors, amounts falling due within one year, as at 24 November 2016 are other loan creditors of £900,000 (2015: £900,000) owed to Alscot Sarl, the company's ultimate parent undertaking. Also within creditors is included an amount of £253,566 (2015: £339,971) 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 24 November 2016 of £640,597 (2015: £607,294), plus amounts charged by Hand Picked Hotels Limited subsidiaries for other purposes.

17 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.

18 Reconciliations on adoption of FRS 102

The group and company transitioned to FRS 102 from previously extant UK GAAP as at 28 November 2014. There was no impact of the transition for the company. The impact of the transition to FRS 102 for the group is as follows:

Profit and loss for the year ended 26 November 2015	£
Loss under former UK GAAP	(916,902)
Loss under FRS 102	<u>(916,902)</u>
Balance sheet at 26 November 2015	£
Equity under former UK GAAP	14,472,249
Holiday pay accrual transitional adjustment (1)	(10,076)
Equity under FRS 102	<u>14,462,173</u>
Balance sheet at 28 November 2014	£
Equity under former UK GAAP	15,389,150
Holiday pay accrual transitional adjustment (1)	(10,076)
Equity under FRS 102	<u>15,379,074</u>

(1) Prior to the adoption of FRS 102, the group did not make provisions for holiday pay earned but not taken. This is required under FRS 102, therefore this has been retrospectively applied, resulting in the recognition of a holiday pay accrual on transition and thereafter.