

## **Bailbrook House Hotel Limited**

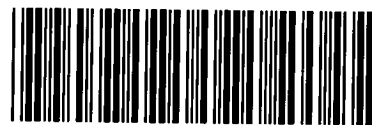
Report and Financial Statements

Period Ended

30 November 2017

Company Number 07897225

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# Bailbrook House Hotel Limited

## Company Information

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|                             |   |
|-----------------------------|---|
| <b>Directors</b>            | K Arkley<br>S Fairs   |
| <b>Company secretary</b>    | Jordans Company Secretaries Limited                           |
| <b>Registered number</b>    | 07897225  |
| <b>Registered office</b>    | The Old Library<br>The Drive<br>Sevenoaks<br>Kent<br>TN13 3AB |
| <b>Independent auditors</b> | BDO LLP<br>55 Baker Street<br>London<br>W1U 7EU               |

# Bailbrook House Hotel Limited

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# Bailbrook House Hotel Limited

## Strategic Report For the period ended 30 November 2017

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The directors present their strategic report for the 53 week period ended 30 November 2017 (2016: 52 week period).

### Review of business, key performance indicators and future developments

The results for the period and financial position of the company are as shown in the annexed financial statements.

The hotel turnover has decreased by 2% to £4,278k (2016: £4,373k), operating loss was £2,375k compared to a loss of £817k in 2016.

Rooms performance showed a decrease of 2.6% in occupancy for the period and a decrease of £2.47 in revpar (revenue per available room).

The directors are optimistic as to the future success of the company.

### 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

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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 21 August 2018 and signed on its behalf.

  
K Arkley  
Director

# **Bailbrook House Hotel Limited**

## **Directors' Report For the period ended 30 November 2017**

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The directors present their report and the financial statements for the 53 week period ended 30 November 2017 (2016: 52 week period).

### **Principal activity**

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 £2,375k (2016: £817k).

No dividends were paid during the period ended 30 November 2017 (2016: £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 (resigned 9 March 2018)

Subsequent to the year-end, the following director was appointed on the following date:

S Fairs (appointed 9 March 2018)

# Bailbrook House Hotel Limited

## Directors' Report (continued) For the period ended 30 November 2017

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### Directors' responsibilities

The directors are responsible for preparing the Group 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 company and the group and of the profit or loss of the group 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;
- state whether applicable 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.

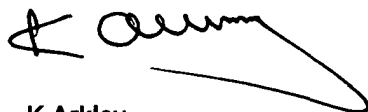
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies 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.

### Provision of information to auditor

Each of the persons who are directors at the time when this report is 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 21 August 2018 and signed on its behalf.



K Arkley  
Director

# **Bailbrook House Hotel Limited**

## **Independent Auditor's Report to the members of Bailbrook House Hotel Limited**

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### **Opinion**

We have audited the financial statements of Bailbrook House Hotel Limited (the 'Company') and its subsidiaries (the "Group") for the period ended 30 November 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group and company's affairs as at 30 November 2017 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

# **Bailbrook House Hotel Limited**

## **Independent Auditor's Report to the members of Bailbrook House Hotel Limited (continued)**

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### **Other information**

The other information comprises the information included in the report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.



# Bailbrook House Hotel Limited

## Independent Auditor's Report to the members of Bailbrook House Hotel Limited (continued)

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### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Ian Clayden (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London  
United Kingdom

Date: 23/08/18

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 period ended 30 November 2017

|  | Note | 2017<br>£          | 2016<br>£        |
|--|------|--------------------|------------------|
| Turnover   |      | 4,278,378          | 4,373,080        |
| Cost of sales                                      |      | (965,706)          | (1,052,964)      |
| <b>Gross profit</b>                                |      | <b>3,312,672</b>   | <b>3,320,116</b> |
| Administrative expenses                            |      | (5,687,354)        | (4,137,063)      |
| <b>Operating loss</b>                              | 3    | <b>(2,374,682)</b> | <b>(816,947)</b> |
| <b>Loss on ordinary activities before taxation</b> |      | <b>(2,374,682)</b> | <b>(816,947)</b> |
| Tax on loss on ordinary activities                 | 5    | -                  | -                |
| <b>Loss for the period</b>                         |      | <b>(2,374,682)</b> | <b>(816,947)</b> |
| <b>Total comprehensive loss for the period</b>     |      | <b>(2,374,682)</b> | <b>(816,947)</b> |

All amounts relate to continuing operations

The notes on pages 13 to 25 form part of these financial statements.

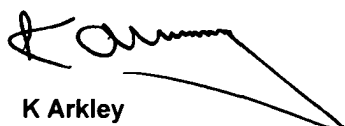
# Bailbrook House Hotel Limited

Registered number: 07897225

## Consolidated Statement of Financial Position As at 30 November 2017

|  | Note | 30<br>November<br>2017<br>£ | 24<br>November<br>2016<br>£ |
|--|------|-----------------------------|-----------------------------|
| <b>Fixed assets</b>                            |      |                             |                             |
| Tangible assets                                | 6    | 12,499,999                  | 14,345,149                  |
| <b>Current assets</b>                          |      |                             |                             |
| Stocks   | 8    | 28,032                      | 22,066                      |
| Debtors  | 9    | 182,448                     | 211,265                     |
| Cash and cash equivalents                      |      | 635,542                     | 1,025,338                   |
|  |      | <u>846,022</u>              | <u>1,258,669</u>            |
| Creditors: amounts falling due within one year | 10   | (2,075,479)                 | (1,958,594)                 |
| <b>Net current liabilities</b>                 |      | <u>(1,229,457)</u>          | <u>(699,925)</u>            |
| <b>Total assets less current liabilities</b>   |      | <u>11,270,542</u>           | <u>13,645,224</u>           |
| <b>Net assets</b>                              |      | <u>11,270,542</u>           | <u>13,645,224</u>           |
| <b>Capital and reserves</b>                    |      |                             |                             |
| Called up share capital                        | 11   | 196,678                     | 196,678                     |
| Share premium account                          | 12   | 19,470,960                  | 19,470,960                  |
| Profit and loss account                        | 12   | (8,397,096)                 | (6,022,414)                 |
| <b>Total equity</b>                            |      | <u>11,270,542</u>           | <u>13,645,224</u>           |

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

  
K Arkley  
Director

The notes on pages 13 to 25 form part of these financial statements.

21 August 2018

# Bailbrook House Hotel Limited

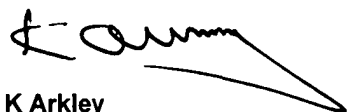
Registered number: 07897225

## Company Statement of Financial Position As at 30 November 2017

|  | Note | 30<br>November<br>2017<br>£ | 24<br>November<br>2016<br>£ |
|--|------|-----------------------------|-----------------------------|
| <b>Fixed assets</b>                            |      |                             |                             |
| Tangible assets                                | 6    | 12,499,999                  | 14,345,149                  |
| Investments                                    | 7    | 1                           | 1                           |
|  |      | <u>12,500,000</u>           | <u>14,345,150</u>           |
| <b>Current assets</b>                          |      |                             |                             |
| Debtors  | 9    | 24,238                      | 500                         |
| Cash and cash equivalents                      |      | 10,679                      | 20,388                      |
|  |      | <u>34,917</u>               | <u>20,888</u>               |
| Creditors: amounts falling due within one year | 10   | (644,530)                   | (285,277)                   |
| <b>Net current liabilities</b>                 |      | <u>(609,613)</u>            | <u>(264,389)</u>            |
| <b>Total assets less current liabilities</b>   |      | <u>11,890,387</u>           | <u>14,080,761</u>           |
| <b>Net assets</b>                              |      | <u>11,890,387</u>           | <u>14,080,761</u>           |
| <b>Capital and reserves</b>                    |      |                             |                             |
| Called up share capital                        | 11   | 196,678                     | 196,678                     |
| Share premium account                          | 12   | 19,470,960                  | 19,470,960                  |
| Profit and loss account                        | 12   | (7,777,251)                 | (5,586,877)                 |
| <b>Total equity</b>                            |      | <u>11,890,387</u>           | <u>14,080,761</u>           |

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 30 November 2017 is £2,190,374 (2016: loss of £598,659).

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



K Arkley  
Director

The notes on pages 13 to 25 form part of these financial statements.

21 AUGUST 2018

# Bailbrook House Hotel Limited

## Consolidated Statement of Changes in Equity For the period ended 30 November 2017

|                     | Called up<br>share capital | Share<br>premium<br>account | Profit and<br>loss account | Equity<br>attributable<br>to owners of<br>parent<br>Company | Total equity      |
|---------------------|----------------------------|-----------------------------|----------------------------|---|-------------------|
|                     | £                          | £                           | £                          | £   | £                 |
| At 25 November 2016 | 196,678                    | 19,470,960                  | (6,022,414)                | 13,645,224  | 13,645,224        |
| Loss for the period | -                          | -                           | (2,374,682)                | (2,374,682)   | (2,374,682)       |
| At 30 November 2017 | <u>196,678</u>             | <u>19,470,960</u>           | <u>(8,397,096)</u>         | <u>11,270,542</u>   | <u>11,270,542</u> |

## Consolidated Statement of Changes in Equity For the period ended 24 November 2016

|                     | Called up<br>share capital | Share<br>premium<br>account | Profit and<br>loss account | Equity<br>attributable<br>to owners of<br>parent<br>Company | Total equity      |
|---------------------|----------------------------|-----------------------------|----------------------------|---|-------------------|
|                     | £                          | £                           | £                          | £   | £                 |
| At 27 November 2015 | 196,678                    | 19,470,960                  | (5,205,467)                | 14,462,171  | 14,462,171        |
| Loss for the period | -                          | -                           | (816,947)                  | (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>   | <u>13,645,224</u> |

The notes on pages 13 to 25 form part of these financial statements.

## Bailbrook House Hotel Limited

### Company Statement of Changes in Equity For the period ended 30 November 2017

|                            | Called up<br>share capital | Share<br>premium<br>account | Profit and<br>loss account | Total equity      |
|----------------------------|----------------------------|-----------------------------|----------------------------|-------------------|
|                            | £                          | £                           | £                          | £                 |
| At 25 November 2016        | 196,678                    | 19,470,960                  | (5,586,877)                | 14,080,761        |
| Loss for the period        | -                          | -                           | (2,190,374)                | (2,190,374)       |
| <b>At 30 November 2017</b> | <b>196,678</b>             | <b>19,470,960</b>           | <b>(7,777,251)</b>         | <b>11,890,387</b> |

### Company Statement of Changes in Equity For the period ended 24 November 2016

|  | Called up<br>share capital | Share<br>premium<br>account | Profit and<br>loss account | Total equity      |
|--|----------------------------|-----------------------------|----------------------------|-------------------|
|  | £                          | £                           | £                          | £                 |
| At 27 November 2015                            | 196,678                    | 19,470,960                  | (4,988,218)                | 14,679,420        |
| <b>Comprehensive income<br/>for the period</b> |                            |                             |                            |                   |
| Loss for the period                            | -                          | -                           | (598,659)                  | (598,659)         |
| <b>At 24 November 2016</b>                     | <b>196,678</b>             | <b>19,470,960</b>           | <b>(5,586,877)</b>         | <b>14,080,761</b> |

The notes on pages 13 to 25 form part of these financial statements.

# Bailbrook House Hotel Limited

## Consolidated Statement of Cash Flows For the period ended 30 November 2017

|   | 30<br>November<br>2017<br>£ | 24<br>November<br>2016<br>£ |
|---|-----------------------------|-----------------------------|
| <b>Cash flows from operating activities</b>                     |                             |                             |
| Loss for the financial period                                   | (2,374,682)                 | (816,947)                   |
| <b>Adjustments for:</b>   |                             |                             |
| Depreciation  | 671,867                     | 728,647                     |
| Impairment loss   | 1,578,664                   | -                           |
| Increase in stocks  | (5,966)                     | (3,748)                     |
| Decrease/(increase) in debtors                                  | 5,079                       | (42,576)                    |
| Increase/(decrease) in creditors                                | 40,507                      | (87,369)                    |
| <b>Net cash used in operating activities</b>                    | <b>(84,531)</b>             | <b>(221,993)</b>            |
| <b>Cash flows from investing activities</b>                     |                             |                             |
| Payments to acquire tangible fixed assets                       | (305,265)                   | (130,097)                   |
| <b>Net cash used in investing activities</b>                    | <b>(305,265)</b>            | <b>(130,097)</b>            |
| <b>Net decrease in cash and cash equivalents</b>                | <b>(389,796)</b>            | <b>(352,090)</b>            |
| Cash and cash equivalents at beginning of period                | 1,025,338                   | 1,377,428                   |
| <b>Cash and cash equivalents at the end of period</b>           | <b>635,542</b>              | <b>1,025,338</b>            |
| <b>Cash and cash equivalents at the end of period comprise:</b> |                             |                             |
| Cash at bank  | 635,542                     | 1,025,338                   |

The notes on pages 13 to 25 form part of these financial statements.

# Bailbrook House Hotel Limited

## Notes to the Financial Statements For the period ended 30 November 2017

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### 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 current period financial statements are prepared on a 53 week financial period (2016: 52 week period).

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 30 November 2017.

#### **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.



# Bailbrook House Hotel Limited

## Notes to the Financial Statements For the period ended 30 November 2017

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### 1. Accounting policies (continued)

#### ***Impairment of fixed assets and goodwill***

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

#### ***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 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, as follows:

|   |               |
|---|---------------|
| Freehold buildings core                             | 50 years      |
| Freehold buildings surface<br>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 period ended 30 November 2017

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### 1. 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 period ended 30 November 2017

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### 1. 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 period ended 30 November 2017

### 2. Judgments 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

This is stated after charging:

|   | 2017<br>£ | 2016<br>£ |
|---|-----------|-----------|
| Depreciation of owned fixed assets        | 671,867   | 728,647   |
| Impairment of tangible fixed assets       | 1,578,664 | -         |
| Auditor's remuneration for audit services | 5,700     | 5,700     |

# Bailbrook House Hotel Limited

## Notes to the Financial Statements For the period ended 30 November 2017

### 4. Staff costs

|                       | 2017<br>£        | 2016<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 1,718,737        | 1,737,007        |
| Social security costs | 132,109          | 130,726          |
| Other pension costs   | 25,749           | 17,567           |
|                       | <u>1,876,595</u> | <u>1,885,300</u> |
| Agency staff          | 4,861            | 4,861            |
|                       | <u>1,881,456</u> | <u>1,890,161</u> |

### Average number of employees during the period

|                  | 2017<br>No. | 2016<br>No. |
|------------------|-------------|-------------|
| Hotel operations | 69          | 69          |
| Administration   | 8           | 8           |
|                  | <u>77</u>   | <u>77</u>   |

None of the directors received any remuneration for the period (2016: £nil).

### 5. Taxation

|  | 2017<br>£ | 2016<br>£ |
|--|-----------|-----------|
| <b>Current tax</b>                             |           |           |
| UK corporation tax at 19.35% (2016: 20.00%)    | -         | -         |
| <b>Deferred tax</b>                            |           |           |
| Origination and reversal of timing differences | -         | -         |
| <b>Tax on loss on ordinary activities</b>      | <u>-</u>  | <u>-</u>  |

# Bailbrook House Hotel Limited

## Notes to the Financial Statements For the period ended 30 November 2017

### 5. Taxation (continued)

#### Factors affecting tax charge for the period

The tax assessed for the period is higher than (2016 -higher than) the standard rate of corporation tax in the UK of 19.35% (2016 - 20%). The differences are explained below:

|  | 2017<br>£   | 2016<br>£ |
|--|-------------|-----------|
| Loss on ordinary activities before tax   | (2,374,682) | (816,947) |
| Loss on ordinary activities multiplied by the standard rate of corporation tax | (459,451)   | (163,389) |
| <b>Effects of:</b>   |             |           |
| Expenses not deductible for corporation tax purposes                           | 115,469     | 142,090   |
| Group relief surrendered   | 22,925      | 6,476     |
| Deferred tax not recognised  | 319,162     | 11,394    |
| Difference in tax rates  | 1,895       | 3,626     |
| To be adjusted   | -           | (197)     |
| <b>Total tax charge for the period</b>   | <b>-</b>    | <b>-</b>  |

The group has potential deferred tax assets of £565,642 (2016: £283,508) of which £317,244 relates to fixed asset timing differences and £248,711 relates to short term timing differences and trading losses carried forward available for offset against future trading profits.

# Bailbrook House Hotel Limited

## Notes to the Financial Statements For the period ended 30 November 2017

### 6. Tangible fixed assets

#### Group

|  | Freehold<br>Land and<br>buildings<br>£ | Fixtures and<br>fittings<br>£ | Total<br>£ |
|--|--|-------------------------------|------------|
| <b>Cost</b>                              |  |                               |            |
| At 25 November 2016                      | 12,106,591                             | 4,729,587                     | 16,836,178 |
| Additions                                | -                                      | 405,381                       | 405,381    |
| Disposals                                | -                                      | (210,580)                     | (210,580)  |
| At 30 November 2017                      | 12,106,591                             | 4,924,388                     | 17,030,979 |
| <b>Depreciation</b>                      |  |                               |            |
| At 25 November 2016                      | 678,879                                | 1,812,150                     | 2,491,029  |
| Charge for the period on<br>owned assets | 172,729                                | 499,138                       | 671,867    |
| Disposals                                | -                                      | (210,580)                     | (210,580)  |
| Impairment charge                        | 1,578,664                              | -                             | 1,578,664  |
| At 30 November 2017                      | 2,430,272                              | 2,100,708                     | 4,530,980  |
| <b>Net book value</b>                    |  |                               |            |
| At 30 November 2017                      | 9,676,319                              | 2,823,680                     | 12,499,999 |
| At 24 November 2016                      | 11,427,712                             | 2,917,437                     | 14,345,149 |

Included in freehold land and buildings is freehold land of £937,876 which is not depreciated (2016: £937,876).

# Bailbrook House Hotel Limited

## Notes to the Financial Statements For the period ended 30 November 2017

### 6. Tangible fixed assets (continued)

#### Company

|  | Freehold<br>property<br>£ | Fixtures and<br>fittings<br>£ | Total<br>£ |
|--|---------------------------|-------------------------------|------------|
| <b>Cost</b>                              |                           |                               |            |
| At 25 November 2016                      | 12,106,591                | 4,729,587                     | 16,836,178 |
| Additions                                | -                         | 405,381                       | 405,381    |
| Disposals                                | -                         | (210,580)                     | (210,580)  |
| At 30 November 2017                      | 12,106,591                | 4,924,388                     | 17,030,979 |
| <b>Depreciation</b>                      |                           |                               |            |
| At 25 November 2016                      | 678,879                   | 1,812,150                     | 2,491,029  |
| Charge for the period on<br>owned assets | 172,729                   | 499,138                       | 671,867    |
| Disposals                                | -                         | (210,580)                     | (210,580)  |
| Impairment charge                        | 1,578,664                 | -                             | 1,578,664  |
| At 30 November 2017                      | 2,430,272                 | 2,100,708                     | 4,530,980  |
| <b>Net book value</b>                    |                           |                               |            |
| At 30 November 2017                      | 9,676,319                 | 2,823,680                     | 12,499,999 |
| At 24 November 2016                      | 11,427,712                | 2,917,437                     | 14,345,149 |



# Bailbrook House Hotel Limited

## Notes to the Financial Statements For the period ended 30 November 2017

### 7. Fixed asset investments

#### Direct subsidiary undertakings

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

| Name                                  | Country of<br>incorporation % | Shares held Class |
|---------------------------------------|-------------------------------|-------------------|
| Bailbrook House Hotel (No. 2) Limited | England and<br>Wales 100 %    | Ordinary          |

The registered office is The Old Library, The Drive, Sevenoaks, Kent, TN13 3AB.

The nature of company is hotels and similar accommodation.

#### Company

|                       | Investments<br>in subsidiary<br>undertakings<br>£ |
|-----------------------|---|
| <b>Cost</b>           |   |
| At 25 November 2016   | 1   |
| At 30 November 2017   | 1   |
| <b>Net book value</b> |   |
| At 30 November 2017   | 1   |
| At 24 November 2016   | 1   |

### 8. Stocks

|                  | Group  | Group  | Company | Company |
|------------------|--------|--------|---------|---------|
|                  | 2017   | 2016   | 2017    | 2016    |
|                  | £      | £      | £       | £       |
| Goods for resale | 28,032 | 22,066 | -       | -       |

Stock recognised in cost of sales during the period as an expense was £418,124 (2016: £444,775).

# Bailbrook House Hotel Limited

## Notes to the Financial Statements For the period ended 30 November 2017

### 9. Debtors

|                                       | Group          | Group          | Company       | Company    |
|---------------------------------------|----------------|----------------|---------------|------------|
|                                       | 2017           | 2016           | 2017          | 2016       |
|                                       | £              | £              | £             | £          |
| Trade debtors                         | 118,925        | 148,478        | -             | -          |
| Amounts due from related undertakings | 388            | 388            | -             | -          |
| Other debtors                         | 35,176         | 37,334         | 500           | 500        |
| Prepayments and accrued income        | 27,959         | 25,065         | -             | -          |
| Other taxes and social security costs | -              | -              | 23,738        | -          |
|                                       | <u>182,448</u> | <u>211,265</u> | <u>24,238</u> | <u>500</u> |

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

|   | Group            | Group            | Company        | Company        |
|---|------------------|------------------|----------------|----------------|
|   | 2017             | 2016             | 2017           | 2016           |
|   | £                | £                | £              | £              |
| Payments in advance                             | 264,279          | 255,468          | -              | -              |
| Trade creditors                                 | 281,509          | 113,057          | 121,976        | 14,902         |
| Other taxes and social security costs           | 127,774          | 168,901          | -              | 55,483         |
| Amounts due to immediate parent undertaking (1) | 900,000          | 900,000          | 200,000        | 200,000        |
| Amounts due to related undertakings             | 181,949          | 253,566          | 13,145         | 14,892         |
| Amounts due to subsidiary undertaking           | -                | -                | 209,293        | -              |
| Other creditors                                 | 129,870          | 11,044           | -              | -              |
| Accruals and deferred income                    | 190,098          | 256,558          | 100,116        | -              |
|   | <u>2,075,479</u> | <u>1,958,594</u> | <u>644,530</u> | <u>285,277</u> |

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

### 11. Share capital

|                                    | 2017           | 2016           |
|------------------------------------|----------------|----------------|
|                                    | £              | £              |
| Allotted, called up and fully paid |                |                |
| 196,678 Ordinary shares of £1 each | <u>196,678</u> | <u>196,678</u> |

# Bailbrook House Hotel Limited

## Notes to the Financial Statements For the period ended 30 November 2017

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### 12. Reserves

#### Profit and 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 £25,749 (2016: £17,567). Contributions payable to the fund at the year end included in creditors for the group totalled £7,226 (2016: £2,060).

### 14. Commitments under operating leases

At 30 November 2017 the Group and the company had future minimum lease payments under non-cancellable operating leases as follows:

|                          | Group<br>Other<br>2017<br>£ | Group<br>Other<br>2016<br>£ |
|--------------------------|-----------------------------|-----------------------------|
| Falling due:             |                             |                             |
| within one year          | 2,081                       | 1,560                       |
| within two to five years | 8,497                       | 4,290                       |
|                          | <u>10,578</u>               | <u>5,850</u>                |

# Bailbrook House Hotel Limited

## Notes to the Financial Statements For the period ended 30 November 2017

### 15. Financial instruments

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

|  | Group              | Group              |
|--|--------------------|--------------------|
|  | 2017               | 2016               |
|  | £                  | £                  |
| <b>Financial assets</b>                          |                    |                    |
| Financial assets measured at amortised cost      | <u>813,769</u>     | <u>1,211,538</u>   |
| <b>Financial liabilities</b>                     |                    |                    |
| Financial liabilities measured at amortised cost | <u>(1,683,426)</u> | <u>(1,534,225)</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.

### 16. Related party transactions

Included within creditors, amounts falling due within one year, as at 30 November 2017 are other loan creditors of £900,000 (2016: £900,000) owed to Alscot Sarl, the company's ultimate parent undertaking. Also within creditors is included an amount of £181,949 (2016: £253,566) 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 30 November 2017 of £635,682 (2016: £640,597), plus amounts charged by Hand Picked Hotels Limited subsidiaries for other purposes.

### 17. Ultimate parent company and controlling party

On 7 March 2018, the entire share holdings of the company, held by its immediate and ultimate parent, Alscot S.a.r.l, were transferred to Hand Picked Hotels Holdings (Guernsey) Limited, a company incorporated in Guernsey, resulting in Hand Picked Hotels Holdings (Guernsey) Limited becoming the immediate and ultimate parent of the company as of that date.

The ultimate controlling party is Mr G Hands.