

# **Bailbrook House Hotel Limited**

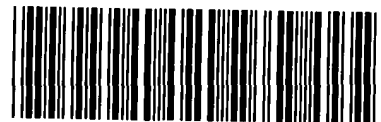
Report and Financial Statements

Period Ended

30 December 2021

Company Number 07897225

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# Bailbrook House Hotel Limited

## Company Information

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<b>Directors</b>	D Waddell P Herbert
<b>Company secretary</b>	Vistra Company Secretaries Limited
<b>Registered number</b>	07897225
<b>Registered office</b>	The Old Library The Drive Sevenoaks Kent TN13 3AB
<b>Independent auditor</b>	BDO LLP 55 Baker Street London W1U 7EU

# Bailbrook House Hotel Limited

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# **Bailbrook House Hotel Limited**

## **Strategic Report For the period ended 30 December 2021**

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The directors present their Strategic Report for the 57 week period ended 30 December 2021 (period ended 26 November 2020: 52 week period).

The company has extended their accounting period to 30 December 2021.

### **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 directors are optimistic as to the future success of the Group.

The turnover for the period was £2,174k (period ended 26 November 2020: £1,438k), operating loss was £1,474k compared to a loss of £1,643k in 2020. The improvement in results is due to the lifting of the government restrictions introduced during the COVID-19 pandemic.

Rooms performance showed an increase of 0.9% in occupancy for the period but an increase of £52.09 in revpar (revenue per available room).

Despite the challenging times as a result of COVID-19, and its negative impact on the economy especially within the hospitality industry, the directors still remain 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:

- financial and operational impact of the coronavirus epidemic;
- ongoing economic conditions such as recession, currency volatility, supply chain, utility prices, the human capital impact of Brexit, the ongoing conflict in Ukraine, and other macroeconomic factors;
- leisure and conferencing buying patterns;
- changes to government regulations including legislation on employees, environmental and health and safety; and
- 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**

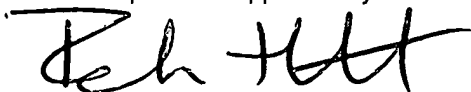
We clearly understand that our employees are the most valuable asset in the Group. We continue to invest in training and skills development programmes. We intend to continue our philosophy and invest in our staff. The Group places considerable value on the involvement of its employees and has continued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

# Bailbrook House Hotel Limited

Group Strategic Report (continued)  
For the period ended 30 December 2021

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This report was approved by the board on 16 December 2022 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'P Herbert', is written over the text of the approval statement.

**P Herbert**  
Director

# **Bailbrook House Hotel Limited**

## **Directors' Report For the period ended 30 December 2021**

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The directors present their report and the financial statements for the 57 week period ended 30 December 2021 (period ended 26 November 2020: 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 for the period, after taxation, amounted to £1,474k (period ended 26 November 2020: £1,643k).

No dividends were paid during the current or previous period.

### **Financial instruments**

The company 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:

D Waddell (appointed 1 April 2021)

K Arkley (resigned 2 July 2021)

S Fairs (resigned 1 April 2021)

H O'Connor (appointed 2 July 2021, resigned 21 October 2022)

Subsequent to the year end, on 21 October 2022, P Herbert was appointed as a director of the company.

# Bailbrook House Hotel Limited

## Directors' Report (continued) For the period ended 30 December 2021

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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), including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of 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 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 Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Going concern

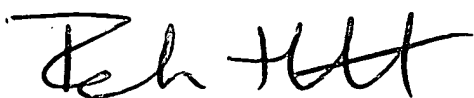
The residual impacts of the Coronavirus and the current economic volatility in the UK, has been and continues to be closely reviewed by the Board of Directors. Further information in this regard is provided in note 1 to these financial statements, including the basis on which the board have concluded that it remains appropriate to adopt the going concern basis of preparation.

### Provision of information to auditor

Each of the persons who was a director at the time when this report is approved has confirmed that:

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

This report was approved by the board on 16 December 2022 and signed on its behalf.



**P Herbert**  
Director

# Bailbrook House Hotel Limited

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

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### Opinion on the financial statements

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 December 2021 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.

We have audited the financial statements of Bailbrook House Hotel Limited (the 'company') and its subsidiary (the 'Group') for the period ended 30 December 2021 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 the 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).

### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We remain independent of the company and the Group 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.

### Material uncertainty relating to going concern

We draw attention to note 1 to the financial statements which explains that the Group remain reliant on the ongoing support of the ultimate shareholders, which is not legally binding, to enable them to continue as a going concern. As explained in note 1, these events, along with the other matters set out in note 1, indicate that a material uncertainty exists that may cast significant doubt over and Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



# **Bailbrook House Hotel Limited**

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

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### **Other information**

The directors are responsible for the 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Other Companies Act 2006 reporting**

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.

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

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company. These include, but are not limited to, compliance with the Companies Act, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.
- We considered compliance with these laws and regulations through discussions with management and those charged with governance.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur. We identified the potential for in the following areas and performed the following procedures:
  - management override of controls: we evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates and judgements. Audit procedures performed included:
    - challenging assumptions made by management in their significant accounting estimates;
    - identifying and testing journal entries, in particular any journal entries to revenue which are not in line with expectations and reviewing journal entries for journals inconsistent with the usual transactions of the Group.
  - revenue recognition: existence of revenue, application of cut off at, and measurement of accrued income to, the year-end. We reconciled annual revenue to cash receipts, reviewed transactions pre and post year end to check that the associated revenue is reflected in the correct period.
- We identified areas at risk of management bias and reviewed key estimates and judgements applied by Management in the financial statements to assess their appropriateness; and
- We remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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.

# Bailbrook House Hotel Limited

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

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### Use of our report

This report is made solely to the company and the Group'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 and the Group'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 Group and the company and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
*Ian Clayden*  
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Ian Clayden (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom

Date: 20 December 2022

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 December 2021

		Period ended 30 December 2021 £	Period ended 26 November 2020 £
	Note		
Turnover		2,174,432	1,437,649
Cost of sales		(507,948)	(371,373)
<b>Gross profit</b>		<b>1,666,484</b>	<b>1,066,276</b>
Administrative expenses		(3,273,161)	(3,048,954)
Other operating income	3	132,219	339,643
<b>Operating loss</b>	4	<b>(1,474,458)</b>	<b>(1,643,035)</b>
<b>Loss on ordinary activities before taxation</b>		<b>(1,474,458)</b>	<b>(1,643,035)</b>
Tax on loss on ordinary activities	6	-	-
<b>Loss for the period</b>		<b>(1,474,458)</b>	<b>(1,643,035)</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive loss for the period</b>		<b>(1,474,458)</b>	<b>(1,643,035)</b>

All amounts relate to continuing operations.

The notes on pages 15 to 28 form part of these financial statements.

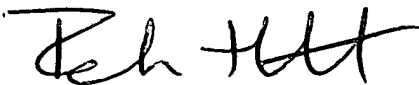
# Bailbrook House Hotel Limited

Registered number: 07897225

## Consolidated Statement of Financial Position As at 30 December 2021

		30 December 2021 £	26 November 2020 £
<b>Fixed assets</b>	<b>Note</b>		
Tangible assets	7	10,250,937	10,816,330
<b>Current assets</b>			
Stocks	9	30,281	16,892
Debtors	10	143,828	116,784
Cash and cash equivalents		233,344	333,350
		<u>407,453</u>	<u>467,026</u>
Creditors: amounts falling due within one year	11	(4,770,215)	(3,920,723)
<b>Net current liabilities</b>		<u>(4,362,762)</u>	<u>(3,453,697)</u>
<b>Net assets</b>		<u><u>5,888,175</u></u>	<u><u>7,362,633</u></u>
<b>Capital and reserves</b>			
Called up share capital	12	196,678	196,678
Share premium account	13	19,470,960	19,470,960
Profit and loss account	13	(13,779,463)	(12,305,005)
<b>Total equity</b>		<u><u>5,888,175</u></u>	<u><u>7,362,633</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 December 2022.



**P Herbert**  
Director

The notes on pages 15 to 28 form part of these financial statements.

# Bailbrook House Hotel Limited

Registered number: 07897225

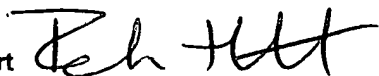
## Company Statement of Financial Position As at 30 December 2021

	Note	30 December 2021 £	26 November 2020 £
<b>Fixed assets</b>			
Tangible assets	7	10,250,937	10,816,330
Investments	8	1	1
		<u>10,250,938</u>	<u>10,816,331</u>
<b>Current assets</b>			
Debtors	10	1,887	849
Cash at bank and in hand		2,181	51,521
		<u>4,068</u>	<u>52,370</u>
Creditors: amounts falling due within one year	11	(907,130)	(810,268)
<b>Net current liabilities</b>		<u>(903,062)</u>	<u>(757,898)</u>
<b>Net assets</b>		<u><u>9,347,876</u></u>	<u><u>10,058,433</u></u>
<b>Capital and reserves</b>			
Called up share capital	12	196,678	196,678
Share premium account	13	19,470,960	19,470,960
Profit and loss account	13	(10,319,762)	(9,609,205)
<b>Total equity</b>		<u><u>9,347,876</u></u>	<u><u>10,058,433</u></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 December 2021 is £710,557 (period ended 26 November 2020: loss of £619,146).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 December 2022.

P Herbert  
Director



The notes on pages 15 to 28 form part of these financial statements.

## Bailbrook House Hotel Limited

### Consolidated Statement of Changes in Equity For the period ended 30 December 2021

	Called up share capital	Share premium account	Profit and loss account	Equity attributable to owners of parent company	Total equity
	£	£	£	£	£
At 27 November 2020	196,678	19,470,960	(12,305,005)	7,362,633	7,362,633
Loss for the period	-	-	(1,474,458)	(1,474,458)	(1,474,458)
<b>At 30 December 2021</b>	<b>196,678</b>	<b>19,470,960</b>	<b>(13,779,463)</b>	<b>5,888,175</b>	<b>5,888,175</b>

### Consolidated Statement of Changes in Equity For the period ended 26 November 2020

	Called up share capital	Share premium account	Profit and loss account	Equity attributable to owners of parent company	Total equity
	£	£	£	£	£
At 29 November 2019	196,678	19,470,960	(10,661,970)	9,005,668	9,005,668
Loss for the period	-	-	(1,643,035)	(1,643,035)	(1,643,035)
<b>At 26 November 2020</b>	<b>196,678</b>	<b>19,470,960</b>	<b>(12,305,005)</b>	<b>7,362,633</b>	<b>7,362,633</b>

The notes on pages 15 to 28 form part of these financial statements.

## Bailbrook House Hotel Limited

### Company Statement of Changes in Equity For the period ended 30 December 2021

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 27 November 2020	196,678	19,470,960	(9,609,205)	10,058,433
Loss for the period	-	-	(710,557)	(710,557)
<b>At 30 December 2021</b>	<b>196,678</b>	<b>19,470,960</b>	<b>(10,319,762)</b>	<b>9,347,876</b>

### Company Statement of Changes in Equity For the period ended 26 November 2020

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 29 November 2019	196,678	19,470,960	(8,990,059)	10,677,579
Loss for the period	-	-	(619,146)	(619,146)
<b>At 26 November 2020</b>	<b>196,678</b>	<b>19,470,960</b>	<b>(9,609,205)</b>	<b>10,058,433</b>

The notes on pages 15 to 28 form part of these financial statements.



# Bailbrook House Hotel Limited

## Consolidated Statement of Cash Flows For the period ended 30 December 2021

	30 December 2021 £	26 November 2020 £
<b>Cash flows from operating activities</b>		
Loss for the financial period	(1,474,458)	(1,643,035)
<b>Adjustments for:</b>		
Depreciation of tangible assets	781,663	685,304
(Increase)/decrease in stocks	(13,389)	4,417
(Increase)/decrease in debtors	(27,044)	27,499
(Decrease) in creditors	(508)	(435,741)
<b>Net cash used in operating activities</b>	<b>(733,736)</b>	<b>(1,361,556)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(216,270)	(113,262)
<b>Net cash used in investing activities</b>	<b>(216,270)</b>	<b>(113,262)</b>
<b>Cash flows from financing activities</b>		
Receipt of loans	850,000	1,500,000
<b>Net cash generated from financing activities</b>	<b>850,000</b>	<b>1,500,000</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(100,006)</b>	<b>25,182</b>
Cash and cash equivalents at beginning of period	333,350	308,168
<b>Cash and cash equivalents at the end of period</b>	<b>233,344</b>	<b>333,350</b>
<b>Cash and cash equivalents at the end of period comprise:</b>		
Cash at bank and in hand	233,344	333,350
	<b>233,344</b>	<b>333,350</b>

The notes on pages 15 to 28 form part of these financial statements.

# Bailbrook House Hotel Limited

## Notes to the Financial Statements For the period ended 30 December 2021

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### 1. Accounting policies

#### **General information**

Bailbrook House Hotel Limited is a private limited company incorporated in England and Wales under the Companies Act 2006. 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 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 57 week period (period ended 26 November 2020: 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 company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report.

As at 30 December 2021, the Group reported net assets of £5,888k (2020: £7,363k). The group had no external non-related party borrowings (including overdraft facilities) and this remains the case. In assessing the appropriateness of the going concern assumption, the directors have prepared detailed cash flow forecasts for the group extending beyond 12 months from the date of approval of these financial statements.

However, as a hotel operator, it is acknowledged that the global and UK outbreak of COVID-19 has had a profound impact on the business and may continue to do so. Additionally, during 2022 in particular the UK economy including the leisure and hospitality sector has been subject to increased volatility with regard to supply chain inflation, wage inflation, utility costs, and the related impacts on consumer disposable income and spending.

The above factors heighten the inherent uncertainty in forecasting the ongoing performance within the hotels sector and therefore the company alike, albeit the board acknowledge that trading conditions are widely to remain challenging in the short term and this continues to have an impact on the company's and group's forecasts.

# Bailbrook House Hotel Limited

## Notes to the Financial Statements For the period ended 30 December 2021

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### 1. Accounting policies (continued)

#### ***Going concern (continued)***

The directors of the company and the wider group acknowledge that 'full trading' may look very different in future years than it did pre-COVID-19 and the management team have been planning for this with a restructuring of its operations in response to anticipated market demand, ultimately to profitably deliver enhanced quality of service at lower rates of occupancy.

The company relies on intergroup loans in the form of non-recall and further funds as required, and as such remains reliant on the ongoing support of the ultimate shareholders. The directors of the company have received a non-legally binding confirmation that this support will be forthcoming for no less than 12 months from the date of approval of the financial statements and therefore have concluded that is appropriate to prepare the financial statements on a going concern basis.

In order to mitigate COVID-19 impacts on revenue since the UK became impacted by the pandemic, and in order to protect the longer term interests of the company and its employees, the company and wider group took measures to reduce and mitigate its cost base. However, more recently, the board announced increases in pay rates for its employees in order to support its workforce during a high inflationary period. Naturally as a significant employer, this will have a material impact on the group's cost base and this has been incorporated into these forecasts. To the extent necessary, shareholders have also provided additional funds in order to meet working capital requirements.

Since the year end, the group has been operating within its own financial resources and is not considered reliant on additional working capital facilities to be provided by its shareholders, or external finance providers for at least 12 months from the date of approval of the financial statements. However, it is acknowledged that in order to continue to operate as a going concern the company is reliant on non-recall of shareholder loans. As such, the directors have requested, and received, confirmation from the shareholders that such loans will not be recalled for a period of at least 12 months from the date of approval of these financial statements. As such, the directors have prepared the financial statements on 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 December 2021.

#### ***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 Statement of Financial Position 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 Consolidated Statement of Comprehensive Income.

# Bailbrook House Hotel Limited

## Notes to the Financial Statements For the period ended 30 December 2021

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### 1. Accounting policies (continued)

#### ***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 Consolidated 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 Consolidated Statement of Comprehensive Income.

#### ***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 Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

# Bailbrook House Hotel Limited

## Notes to the Financial Statements For the period ended 30 December 2021

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### 1. Accounting policies (continued)

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

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date in the countries where the company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position 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. Cash equivalents includes amounts held on call deposits with an initial term of less than 3 months.

#### **Operating leases**

Rentals received under operating leases are credited to the Consolidated Statement of Comprehensive Income on a straight line basis over the period of the lease. Lease incentives received are recognised in the Consolidated Statement of Comprehensive Income over the term of the lease as an integral part of the total lease expense.

#### **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 Consolidated 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.

# Bailbrook House Hotel Limited

## Notes to the Financial Statements For the period ended 30 December 2021

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### 1. Accounting policies (continued)

#### ***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 Consolidated 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 Statement of Financial Position 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.

#### ***Government grants***

Grants are accounted for under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in "other income" within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough'). The company has not directly benefited from any other forms of government assistance.

#### ***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 December 2021

### 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 company's fixed assets. Factors taken into consideration in reaching such decisions include the economic viability and expected future financial performance of the assets and, where it is a component of a larger cash generating unit, the viability and expected future performance of that unit. An impairment charge of £nil (2020: £nil) has been recorded against the tangible fixed assets of the Group. The directors have based their assessment of the carrying value of the tangible fixed assets on their expected value in use from future trading, along with reference to previous valuations bases and, where relevant, third party offers received at times close to the financial year end. In particular, greater judgement has been exercised regarding the anticipated occupancy rates of hotel assets, average daily room rates, and F&B spend and margins achievable in the short and medium term.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 7)

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. Other operating income

	Period ended 30 December 2021 £	Period ended 26 November 2020 £
Furlough grant income	<u>132,219</u>	<u>339,643</u>

# Bailbrook House Hotel Limited

## Notes to the Financial Statements For the period ended 30 December 2021

### 4. Operating loss

This is stated after charging:

	Period ended 30 December 2021 £	Period ended 26 November 2020 £
Depreciation of tangible fixed assets	781,663	685,304
Operating lease rentals - plant and machinery	2,081	2,081
Auditor's remuneration for audit services	7,050	4,680
	<u>788,794</u>	<u>692,065</u>

### 5. Staff costs

	Period ended 26 November 2021 £	Period ended 28 November 2020 £
Wages and salaries	1,211,980	1,312,792
Social security costs	104,887	86,581
Other pension costs	41,202	44,445
	<u>1,358,069</u>	<u>1,443,818</u>
Agency staff	120,846	28,081
	<u>1,478,915</u>	<u>1,471,899</u>

None of the directors received any remuneration for the period (period ended 26 November 2020: £nil).

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

	Period ended 30 December 2021 No.	Period ended 26 November 2020 No.
Hotel operations	38	53
Administration	5	6
	<u>43</u>	<u>59</u>



# Bailbrook House Hotel Limited

## Notes to the Financial Statements For the period ended 30 December 2021

### 6. Taxation

	Period ended 30 December 2021 £	Period ended 26 November 2020 £
<b>Current tax</b>		
UK corporation tax at 19% (period ended 26 November 2020: 19%)	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	-
<b>Tax on loss on ordinary activities</b>	-	-

### Reconciliation of tax charge

The tax assessed for the period is higher than (period ended 26 November 2020: higher than) the standard rate of corporation tax in the UK of 19% (period ended 26 November 2020: 19%). The differences are explained below:

	Period ended 30 December 2021 £	Period ended 26 November 2020 £
Loss on ordinary activities before tax	(1,474,458)	(1,643,035)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (period ended 26 November 2020: 19%)	(280,147)	(312,177)
<b>Effects of:</b>		
Expenses not deductible for corporation tax purposes	125,139	111,543
Group relief surrendered	142,873	(131,890)
Deferred tax not recognised	236,905	371,154
Difference in tax rates	(224,770)	(38,630)
<b>Current tax charge for period</b>	-	-

The Group has potential deferred tax assets of £67,215 (2020: £699,506) of which £67,215 relates to fixed asset timing differences and £nil relates to short term timing differences and trading losses carried forward.

# Bailbrook House Hotel Limited

## Notes to the Financial Statements For the period ended 30 December 2021

### 6. Taxation (continued)

#### Factors affecting future tax charges

The substantively enacted tax rate remained at 19% as at the Statement of Financial Position date.

It was announced on 3 March 2021 that the main rate of corporation tax will increase from 19% to 25% from 1 April 2023. For profits up to £50,000, the corporation tax rate will remain at 19% and for profits over £250,000, the corporation tax rate will be 25%. Marginal relief provisions will also be introduced for profits between the lower and upper limits.

The Government included the above changes in the Finance Bill 2021 that had its third reading on 24 May 2021 and is now (subsequent to the year end) considered substantively enacted.

### 7. Tangible fixed assets

#### Group

	Freehold land and buildings £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 27 November 2020	12,106,591	5,231,997	17,338,588
Additions	-	216,270	216,270
Disposals	-	(13,292)	(13,292)
At 30 December 2021	12,106,591	5,434,975	17,541,566
<b>Depreciation</b>			
At 27 November 2020	2,948,459	3,573,799	6,522,258
Charge for the period	189,337	592,326	781,663
Disposals	-	(13,292)	(13,292)
At 30 December 2021	3,137,796	4,152,833	7,290,629
<b>Net book value</b>			
At 30 December 2021	8,968,795	1,282,142	10,250,937
At 26 November 2020	9,158,132	1,658,198	10,816,330

Included in freehold land and buildings is freehold land of £937,876 which is not depreciated (2020: £937,876).

# Bailbrook House Hotel Limited

## Notes to the Financial Statements For the period ended 30 December 2021

### 7. Tangible fixed assets (continued)

#### Company

	Freehold land and buildings £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 27 November 2020	12,106,591	5,231,997	17,338,588
Additions	-	216,270	216,270
Disposals	-	(13,292)	(13,292)
At 30 December 2021	<u>12,106,591</u>	<u>5,434,975</u>	<u>17,541,566</u>
<b>Depreciation</b>			
At 27 November 2020	2,948,459	3,573,799	6,522,258
Charge for the period	189,337	592,326	781,663
Disposals	-	(13,292)	(13,292)
At 30 December 2021	<u>3,137,796</u>	<u>4,152,833</u>	<u>7,290,629</u>
<b>Net book value</b>			
At 30 December 2021	<u>8,968,795</u>	<u>1,282,142</u>	<u>10,250,937</u>
At 26 November 2020	<u>9,158,132</u>	<u>1,658,198</u>	<u>10,816,330</u>

# Bailbrook House Hotel Limited

## Notes to the Financial Statements For the period ended 30 December 2021

### 8. Fixed asset investments

#### Direct subsidiary undertakings

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

Name	Country of incorporation	%	Shares held Class
Bailbrook House Hotel (No. 2) Limited	England and 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 in subsidiary undertakings £
<b>Cost</b>	
At 27 November 2020 and 30 December 2021	1
<b>Net book value</b>	
At 27 November 2020 and 30 December 2021	1

### 9. Stocks

	Group 30 December 2021 £	Group 26 November 2020 £	Company 30 December 2021 £	Company 26 November 2020 £
Goods for resale	30,281	16,892	-	-

# Bailbrook House Hotel Limited

## Notes to the Financial Statements For the period ended 30 December 2021

### 10. Debtors

	Group 30 December 2021 £	Group 26 November 2020 £	Company 30 December 2021 £	Company 26 November 2020 £
Trade debtors	40,530	72,426	-	-
Other debtors	29,351	9,125	500	500
Prepayments and accrued income	72,560	34,884	-	-
Other taxes and social security costs	1,387	349	1,387	349
	<u>143,828</u>	<u>116,784</u>	<u>1,887</u>	<u>849</u>

### 11. Creditors: amounts falling due within one year

	Group 30 December 2021 £	Group 26 November 2020 £	Company 30 December 2021 £	Company 26 November 2020 £
Payments in advance	87,353	132,675	-	-
Trade creditors	116,548	122,458	4,987	16,145
Other taxation and social security	36,577	18,773	-	-
Amounts due to immediate parent undertaking (1)	4,250,000	3,400,000	200,000	200,000
Amounts due to related undertakings	121,934	112,837	3,274	46,282
Obligations under finance lease and hire purchase contracts	-	-	697,239	546,211
Other creditors	20,569	70,189	-	-
Accruals	137,234	63,791	1,630	1,630
	<u>4,770,215</u>	<u>3,920,723</u>	<u>907,130</u>	<u>810,268</u>

(1) All loans are interest-free, unsecured and repayable on demand.

### 12. Called up share capital

	30 December 2021 £	26 November 2020 £
<b>Allotted, called up and fully paid</b>		
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 December 2021

### 13. 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.

### 14. Analysis of net debt

	At 27 November 2020 £	Cash flows £	At 30 December 2021 £
Cash at bank and in hand	333,350	(100,006)	233,344

### 15. Defined contribution pension plans

The company 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 company to the fund and amounted to £41,202 (period ended 26 November 2020: £44,445). Contributions payable to the fund at the period end included in creditors totalled £7,385 (2020: £5,428).

### 16. Commitments under operating leases

Total future minimum lease payments under non-cancellable operating leases as follows:

	Group 30 December 2021 £	Group 26 November 2020 £
Falling due:		
within one year	1,561	2,081
within two to five years	-	1,734
	<u>1,561</u>	<u>3,815</u>

# Bailbrook House Hotel Limited

## Notes to the Financial Statements For the period ended 30 December 2021

### 17. Financial instruments

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

	Group 30 December 2021 £	Group 26 November 2020 £
<b>Financial assets</b>		
Financial assets measured at amortised cost	<u>303,225</u>	<u>415,250</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(4,646,285)</u>	<u>(3,769,275)</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.

### 18. Related party transactions

Included within creditors, amounts falling due within one year, as at 30 December 2021 is an amount due to the immediate parent of the Group of £4,250,000 (2020: £3,400,000) owed to Hand Picked Hotels Holdings (Guernsey) Limited. Also, within creditors is included an amount of £121,934 (2020: £112,837) 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 period ending 30 December 2021 of £271,666 (2020: £178,149), plus amounts charged by Hand Picked Hotels Limited subsidiaries for other purposes.

### 19. Ultimate parent company and controlling party

Hand Picked Hotels Holdings (Guernsey) Limited is a company incorporated in Guernsey, whose registered office address is 1st and 2nd Floors Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey, GY1 1EW.

The ultimate parent company is Julian Holdings Limited, and the ultimate controlling party is Mr G Hands.

Julian Holdings Limited is a company incorporated in Guernsey, whose registered office address is PO Box 286, Floor 2 Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY.