

**Bailbrook House Hotel (No. 2)
Limited**

Report and Financial Statements

Period Ended

30 November 2017

Company Number 07900152

WEDNESDAY



LD4

L7DE2EOR

29/08/2018

#100

COMPANIES HOUSE

Bailbrook House Hotel (No. 2) Limited

Company Information

Directors	K Arkley S Fairs
Company secretary	Jordans Company Secretaries Limited
Registered number	07900152
Registered office	The Old Library The Drive Sevenoaks Kent TN13 3AB
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU

Bailbrook House Hotel (No. 2) Limited

Contents

	Page
Directors' Report	1 - 2
Independent Auditors' Report	3 - 5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Notes to the Financial Statements	9 - 16

Bailbrook House Hotel (No. 2) Limited

Directors' report For the period ended 30 November 2017

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

Principal activities

The company's principal activity during the period was the operation of the Bailbrook House Hotel.

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 £184k compared to a loss of £162k 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.

Dividends

No dividends were paid during the period ended 30 November 2017 (2016: £nil).

Directors

The following persons served as directors during the period:

K Arkley
J Hands (resigned 9 March 2018)

Subsequent to the period-end, the following director was appointed on the following date:
S Fairs (appointed 9 March 2018)

Directors' responsibilities

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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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.

Bailbrook House Hotel (No. 2) Limited

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

Provision of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware;
- 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 has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

This report was approved by the board on 21 August 2018 and signed on its behalf.



K Arkley
Director

Bailbrook House Hotel (No. 2) Limited

Independent Auditors' Report to the members of Bailbrook House Hotel (No. 2) Limited

Opinion

We have audited the financial statements of Bailbrook House Hotel (No. 2) Limited (the 'company') for the period ended 30 November 2017 which comprise Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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 company's affairs as at 30 November 2017 and of its 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 (No. 2) Limited

Independent Auditors' Report to the members of Bailbrook House Hotel (No. 2) Limited (continued)

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 directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 1, 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 (No. 2) Limited

Independent Auditors' Report to the members of Bailbrook House Hotel (No. 2) Limited (continued)

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. 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 (No. 2) Limited

Statement of Comprehensive Income For the period ended 30 November 2017

	Note	2017 £	2016 £
Turnover		4,278,378	4,373,080
Cost of sales		(965,706)	(1,052,964)
Gross profit		3,312,672	3,320,116
Administrative expenses		(3,496,980)	(3,482,485)
Operating loss	3	(184,308)	(162,369)
Loss on ordinary activities before taxation		(184,308)	(162,369)
Tax on loss on ordinary activities	5	-	-
Loss for the period		(184,308)	(162,369)
Other comprehensive loss for the period		-	-
Total comprehensive loss for the period		(184,308)	(162,369)

All amounts relate to continuing operations.

The notes on pages 9 to 16 form part of these financial statements.

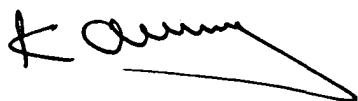
Bailbrook House Hotel (No. 2) Limited

Registered number: 07900152

Statement of Financial Position As at 30 November 2017

	Note	30 November 2017 £	24 November 2016 £
Current assets			
Stocks	6	28,032	22,066
Debtors	7	181,948	210,765
Cash and cash equivalents		624,863	1,004,950
		<u>834,843</u>	<u>1,237,781</u>
Creditors: amounts falling due within one year	8	(3,962,976)	(4,181,606)
Net current liabilities		(3,128,133)	(2,943,825)
Net liabilities		<u>(3,128,133)</u>	<u>(2,943,825)</u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account	10	(3,128,134)	(2,943,826)
Total equity		<u>(3,128,133)</u>	<u>(2,943,825)</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 9 to 16 form part of these financial statements.

21 August 2018

Bailbrook House Hotel (No. 2) Limited

Statement of changes in equity For the period ended 30 November 2017

	Share capital £	Profit and loss account £	Total equity £
At 27 November 2015	1	(2,781,457)	(2,781,456)
Loss for the period	-	(162,369)	(162,369)
At 25 November 2016	1	(2,943,826)	(2,943,825)
Loss for the period	-	(184,308)	(184,308)
At 30 November 2017	1	(3,128,134)	(3,128,133)

The notes on pages 9 to 16 form part of these financial statements.

Bailbrook House Hotel (No. 2) Limited

Notes to the financial statements For the period ended 30 November 2017

1. Accounting policies

General information

Bailbrook House Hotel (No. 2) 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 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 company's accounting policies (see note 2).

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

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Hand Picked Hotels Limited as at 30 November 2017 and these financial statements may be obtained from Companies House.

Going concern

The company reports net current liabilities, net liabilities and losses for the year. The controlling party has indicated that it will continue to provide financial support as necessary for the foreseeable future to ensure the company can meet all liabilities as they fall due. On this basis, and having made appropriate enquiries at the parent company, the directors are satisfied that it is appropriate to prepare these financial statements on a going concern basis.

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 (No. 2) Limited

Notes to the financial statements For the period ended 30 November 2017

1. Accounting policies (continued)

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.

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.

Bailbrook House Hotel (No. 2) Limited

Notes to the financial statements For the period ended 30 November 2017

1. Accounting policies (continued)

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.

Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

Pensions

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

Bailbrook House Hotel (No. 2) Limited

Notes to the financial statements For the period ended 30 November 2017

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 company 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.

3. Operating loss

This is stated after charging:

	2017 £	2016 £
Operating lease rentals - plant and machinery	1,864	1,560
Operating lease rentals - land and buildings	75,000	75,000
Auditor's remuneration	3,730	3,900
	<u>79,594</u>	<u>80,460</u>

4. Staff costs

	2017 £	2016 £
Wages and salaries	1,698,797	1,737,007
Social security costs	132,109	130,726
Cost of defined contribution scheme	25,749	17,567
	<u>1,856,655</u>	<u>1,885,300</u>
Agency staff	24,801	4,861
	<u>1,881,456</u>	<u>1,890,161</u>

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

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

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

Bailbrook House Hotel (No. 2) Limited

Notes to the financial statements For the period ended 30 November 2017

5. Taxation

	2017 £	2016 £
Current tax		
UK corporation tax at 19.35% (2016: 20.00%)	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Tax on loss on ordinary activities	-	-
Movement in deferred tax provision		
Provision at start of period	-	-
Deferred tax charged in the statement of comprehensive income for the period	-	-
Provision at end of period	-	-
Factors affecting tax charge for the period		
Reconciliation of tax charge		
	2017 £	2016 £
Loss on ordinary activities before tax	(184,308)	(162,369)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.35% (2016 - 20%) The differences are explained below:	(35,660)	(32,474)
Effects of:		
Transfer price adjustments	(121,505)	(112,000)
Group relief surrendered	156,069	144,474
Deferred tax not recognised	963	-
Difference in tax rates	133	-
Current tax charge for period	-	-

The company has an unrecognised deferred tax asset of £248,711 (2016: £247,398) in respect of short term timing differences and trading losses carried forward available for offset against future trading profits.

Bailbrook House Hotel (No. 2) Limited

Notes to the financial statements For the period ended 30 November 2017

6. Stocks

	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).

7. Debtors

	2017 £	2016 £
Trade debtors	118,925	148,478
Amounts due from related undertakings	388	388
Other debtors	34,676	36,834
Prepayments and accrued income	27,959	25,065
	181,948	210,765

8. Creditors: amounts falling due within one year

	2017 £	2016 £
Payments in advance	264,279	255,468
Trade creditors	159,533	98,155
Amounts due to immediate parent company	2,298,996	2,508,289
Amounts due to ultimate parent company	700,000	700,000
Amounts due to related undertakings	168,804	238,674
Other taxes and social security costs	151,512	113,418
Other creditors	129,870	11,044
Accruals and deferred income	89,982	256,558
	3,962,976	4,181,606

Bailbrook House Hotel (No. 2) Limited

Notes to the financial statements For the period ended 30 November 2017

9. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1
	<u>1</u>	<u>1</u>

10. Reserves

Profit and loss account

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

11. 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 £25,749 (2016: £17,567). Contributions payable to the fund at the year end included in creditors totalled £7,726 (2016: £2,060).

12. Commitments under operating leases

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

	Land and buildings 2017 £	Land and buildings 2016 £
Falling due:		
Within one year	75,000	75,000
	<u>75,000</u>	<u>75,000</u>
	Other 2017 £	Other 2016 £
Falling due:		
Within one year	2,081	1,560
Within two to five	8,497	4,290
	<u>10,578</u>	<u>5,850</u>

Bailbrook House Hotel (No. 2) Limited

Notes to the financial statements For the period ended 30 November 2017

13. Related party transactions

Within creditors is included an amount of £136,605 (2016: £238,274) 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 30th November 2017 of £597,906, plus amounts due to Hand Picked Hotels Limited subsidiaries for other purposes (2016: £633,715). Within amounts due to ultimate parent company there is an amount of £700,000 relating to a loan from Alscot (2016: £700,000).

14. Ultimate parent company and controlling party

On 7 March 2018, the entire share holdings of the company's immediate parent held by its 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 ultimate parent of the company as of that date.

The company's immediate parent undertaking is Bailbrook House Hotel Limited. The largest and smallest group in whose financial statements the results of the company will be consolidated is Bailbrook House Hotel Limited. The consolidated financial statements of Bailbrook House Hotel Limited will be available to the public and will be obtainable in due course from the Registrar of Companies, Companies House, Crown Way, Cardiff.

The ultimate controlling party is Mr G Hands.