

Registered number
08595744

FAWSLEY HALL LIMITED

Report and Accounts

26 November 2015



FAWSLEY HALL LIMITED
Report and Accounts
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FAWSLEY HALL LIMITED
Company Information

Directors

K Arkley
J Hands
S Fairs

Secretary

Jordans Company Secretaries Limited

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Registered office

The Old Library
The Drive
Sevenoaks
Kent
TN13 3AB

Registered number

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FAWSLEY HALL LIMITED
Strategic Report
for the period ended 26 November 2015

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

Business review

The financial results for the period ended 26 November 2015 are contained in the consolidated profit and loss account on page 6 of the report and accounts.

The hotel turnover for the period was £4.60m (2014: £4.09m) and the operating loss was £379k (2014: loss of £508k). EBITDA for the period was £99k (2014: loss of £269k).

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

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

Principal risks and uncertainties

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

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

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

Expansion for the future

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

Environment

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

Personnel

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

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



K Arkley
Director

FAWSLEY HALL LIMITED

Registered number:

08595744

Directors' Report

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

Principal activities

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

Results and dividend

The loss before tax for the period was £378,921 (2014: £507,860).

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

Directors

The following persons served as directors during the period:

K Arkley

J Hands

S Fairs

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

FAWSLEY HALL LIMITED

Registered number:

08595744

Directors' Report

Provision of information to auditor

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

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

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

A handwritten signature in black ink, appearing to read 'K Arkley', with a long, sweeping underline.

K Arkley
Director

FAWSLEY HALL LIMITED
Independent Auditor's Report
to the member of FAWSLEY HALL LIMITED

We have audited the financial statements of Fawsley Hall Limited for the period ended 26 November 2015 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



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

24 August 2016

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

FAWSLEY HALL LIMITED**Consolidated Profit and Loss Account****for the period from 28 November 2014 to 26 November 2015**

	Notes	2015 £	2014 £
Turnover		4,596,169	4,087,619
Cost of sales		(993,363)	(965,240)
Gross profit		<u>3,602,806</u>	<u>3,122,379</u>
Administrative expenses		(3,981,727)	(3,630,239)
Operating loss	2	<u>(378,921)</u>	<u>(507,860)</u>
Loss on ordinary activities before taxation		<u>(378,921)</u>	<u>(507,860)</u>
Tax on loss on ordinary activities	4	-	-
Loss for the period	12	<u>(378,921)</u>	<u>(507,860)</u>

Continuing operations*All results are derived from continuing operations.***Statement of total recognised gains and losses***The group has no recognised gains or losses other than the loss for the above periods.*

FAWSLEY HALL LIMITED
Balance Sheets
as at 26 November 2015

	Notes	2015		2014	
		Group £	Company £	Group £	Company £
Fixed assets					
Tangible assets	6	15,072,467	15,072,467	13,634,201	13,634,201
Investments	7	-	1	-	1
		<u>15,072,467</u>	<u>15,072,468</u>	<u>13,634,201</u>	<u>13,634,202</u>
Current assets					
Stocks	8	45,430	-	38,071	-
Debtors	9	339,167	71,937	388,709	176,181
Cash at bank and in hand		<u>749,835</u>	<u>148,960</u>	<u>2,381,437</u>	<u>1,863,390</u>
		<u>1,134,432</u>	<u>220,897</u>	<u>2,808,217</u>	<u>2,039,571</u>
Creditors: amounts falling due within one year	10	<u>(17,581,199)</u>	<u>(16,670,160)</u>	<u>(17,437,797)</u>	<u>(16,586,136)</u>
Net current liabilities		<u>(16,446,767)</u>	<u>(16,449,263)</u>	<u>(14,629,580)</u>	<u>(14,546,565)</u>
Total assets less current liabilities		<u>(1,374,300)</u>	<u>(1,376,795)</u>	<u>(995,379)</u>	<u>(912,363)</u>
Net liabilities		<u>(1,374,300)</u>	<u>(1,376,795)</u>	<u>(995,379)</u>	<u>(912,363)</u>
Capital and reserves					
Called up share capital	11	1	1	1	1
Profit and loss account	12	<u>(1,374,301)</u>	<u>(1,376,796)</u>	<u>(995,380)</u>	<u>(912,364)</u>
Shareholder's deficit	13	<u>(1,374,300)</u>	<u>(1,376,795)</u>	<u>(995,379)</u>	<u>(912,363)</u>

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



K Arkley
Director

FAWSLEY HALL LIMITED
Consolidated Cash Flow Statement
for the period from 28 November 2014 to 26 November 2015

	Notes	2015 £	2014 £
Reconciliation of operating loss to net cash inflow/(outflow) from operating activities			
Operating loss		(378,921)	(507,860)
Depreciation		477,718	239,352
(Increase)/decrease in stocks		(7,359)	8,941
Decrease/(increase) in debtors		49,542	(178,540)
Increase/(decrease) in creditors		262,303	(223,875)
Net cash inflow/(outflow) from operating activities		<u>403,283</u>	<u>(661,982)</u>

CASH FLOW STATEMENT

Net cash inflow/(outflow) from operating activities		403,283	(661,982)
Taxation		-	-
Capital expenditure	14	<u>(2,384,885)</u> <u>(1,981,602)</u>	<u>(2,142,996)</u> <u>(2,804,978)</u>
Financing	14	350,000	3,954,600
(Decrease)/increase in cash		<u>(1,631,602)</u>	<u>1,149,622</u>

Reconciliation of net cash flow to movement in net debt

(Decrease)/increase in cash in the period		(1,631,602)	1,149,622
Increase in debt and lease financing		(350,000)	(3,954,600)
Change in net debt	15	<u>(1,981,602)</u>	<u>(2,804,978)</u>
Opening net debt		<u>(13,529,163)</u>	<u>(10,724,185)</u>
Closing net debt	15	<u>(15,510,765)</u>	<u>(13,529,163)</u>

FAWSLEY HALL LIMITED

Notes to the Accounts

for the period from 28 November 2014 to 26 November 2015

1 Accounting policies

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

Basis of accounting

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

Basis of preparation: going concern

The Group reports net current liabilities, net 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 can meet all liabilities as they fall due. On this basis the directors are satisfied that it is appropriate to prepare these accounts on a going concern basis.

Basis of consolidation

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

No profit and loss account is presented for Fawsley Hall Limited as permitted by section 408 of the Companies Act 2006. The company loss for the period ending 26 November 2015 was £464,432.

Turnover

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

Leasing

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Depreciation

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

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

Stocks

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

FAWSLEY HALL LIMITED
Notes to the Accounts
for the period from 28 November 2014 to 26 November 2015

1 Accounting policies (continued)

Taxation

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

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

Pensions

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

Related party transactions

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

2 Operating loss	2015	2014
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	477,718	239,352
Auditors' remuneration for audit services	<u>4,500</u>	<u>4,000</u>

3 Staff costs	2015	2014
	£	£
Wages and salaries	1,610,664	1,556,935
Social security costs	118,390	101,148
Other pension costs	<u>14,077</u>	<u>3,361</u>
	<u>1,743,131</u>	<u>1,661,444</u>
Agency staff	<u>47,996</u>	<u>22,553</u>
	<u>1,791,127</u>	<u>1,683,997</u>

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

Average number of employees during the year	Number	Number
Hotel operations	80	86
Administration	<u>8</u>	<u>9</u>
	<u>88</u>	<u>95</u>

FAWSLEY HALL LIMITED**Notes to the Accounts****for the period from 28 November 2014 to 26 November 2015**

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

Factors affecting tax charge for period

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

	2015	2014
	£	£
Loss on ordinary activities before tax	<hr/> (378,921)	<hr/> (507,860)
Standard rate of corporation tax in the UK	20.3%	21.7%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	(77,101)	(110,185)
Effects of:		
Expenses not deductible for tax purposes	97,204	35,485
Differences between capital allowances and depreciation	-	16,158
Unrelieved tax losses and other deductions in the period	-	58,542
Group relief claimed	(20,103)	-
	<hr/>	<hr/>
Current tax charge for period	<hr/> -	<hr/> -

The group has potential deferred tax assets of £98,639 (2014: £166,365) of which £18,655 (2014: £23,528) relates to fixed asset timing differences and £79,984 (2014: £142,837) relates to trading losses carried forward available for offset against future trading profits.

5 Related party disclosures

Included within creditors, amounts falling due within one year, as at 26 November 2015 are other loan creditors of £16,260,600 (2014: £15,910,600) owed to Alscot Sarl, the company's ultimate parent undertaking. Also within creditors it is included an amount of £371,092 (2014: £208,289) which is due to Hand Picked Hotels Limited, a related party. This arises from management charges and service fees for the year ending 26 November 2015 of £733,022 (2014: £855,269), plus amounts due to Hand Picked Hotels Limited subsidiaries for other purposes.

FAWSLEY HALL LIMITED

Notes to the Accounts

for the period from 28 November 2014 to 26 November 2015

6 Tangible fixed assets

Group and company	Land and buildings £	Fixtures, fittings, tools and equipment £	Total £
Cost			
At 28 November 2014	10,880,132	3,036,586	13,916,718
Additions	-	1,915,984	1,915,984
At 26 November 2015	<u>10,880,132</u>	<u>4,952,570</u>	<u>15,832,702</u>
Depreciation			
At 28 November 2014	86,263	196,254	282,517
Charge for the period	<u>57,526</u>	<u>420,192</u>	<u>477,718</u>
At 26 November 2015	<u>143,789</u>	<u>616,446</u>	<u>760,235</u>
Net book value			
At 27 November 2014	<u>10,793,869</u>	<u>2,840,332</u>	<u>13,634,201</u>
At 26 November 2015	<u>10,736,343</u>	<u>4,336,124</u>	<u>15,072,467</u>

Included in freehold land and buildings is freehold land of £2,163,200 (2014: £2,163,200) which is not depreciated.

7 Investments

Company only	Investments in subsidiary undertakings £
Cost	
At 28 November 2014 and at 26 November 2015	<u>1</u>

The company has investments in the following wholly owned subsidiary:

Company	Country of incorporation	Shares held Class	%
Fawsley Hall No2 Limited	England and Wales	Ordinary	100
		2015	2014
		£	£
Aggregate capital and reserves		(752,782)	(753,161)
Profit/(loss) for the period		<u>379</u>	<u>(262,749)</u>

FAWSLEY HALL LIMITED

Notes to the Accounts

for the period from 28 November 2014 to 26 November 2015

8 Stocks	2015	2014
	£	£
Group only		
Goods for resale	45,430	38,071
	<u> </u>	<u> </u>
9 Debtors	2015	2014
	£	£
Group		
Trade debtors	198,594	140,982
Other debtors	118,186	220,179
Prepayments and accrued income	22,387	27,548
	<u>339,167</u>	<u>388,709</u>
Company		
Other debtors	71,937	176,181
	<u> </u>	<u> </u>
10 Creditors: amounts falling due within one year	2015	2014
	£	£
Group		
Payments in advance	372,765	356,580
Trade creditors	165,635	212,715
Amounts due to parent undertaking (1)	16,260,600	15,910,600
Amounts due to related undertakings	371,092	208,289
Other taxes and social security costs	91,976	98,081
Other creditors	38,982	15,694
Accruals and deferred income	280,149	635,838
	<u>17,581,199</u>	<u>17,437,797</u>
Company		
Amounts due to subsidiary undertaking	593,724	-
Trade creditors	86,719	86,031
Amounts due to parent undertaking (1)	15,910,600	15,910,600
Amounts due to related undertakings	37,034	83,588
Other taxes and social security costs	-	9,683
Other creditors	2,865	2,865
Accruals and deferred income	39,218	493,369
	<u>16,670,160</u>	<u>16,586,136</u>

(1) Amounts due to the parent undertaking represent unsecured and non-interest bearing loan stock.

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

FAWSLEY HALL LIMITED

Notes to the Accounts

for the period from 28 November 2014 to 26 November 2015

12 Profit and loss account	2015	2014
	£	£
Group		
Opening profit and loss account	(995,380)	(487,520)
Loss for the period	(378,921)	(507,860)
	<u>(1,374,301)</u>	<u>(995,380)</u>
Closing profit and loss account		
Company		
Opening profit and loss account	(912,364)	(487,519)
Loss for the period	(464,432)	(424,845)
	<u>(1,376,796)</u>	<u>(912,364)</u>
Closing profit and loss account		

13 Reconciliation of movement in shareholders' deficit	2015	2014
	£	£
Group		
Opening shareholders' deficit	(995,379)	(487,519)
Loss for the financial period	(378,921)	(507,860)
	<u>(1,374,300)</u>	<u>(995,379)</u>
Closing shareholders' deficit		
Company		
Opening shareholders' deficit	(912,363)	(487,518)
Loss for the financial period	(464,432)	(424,845)
	<u>(1,376,795)</u>	<u>(912,363)</u>
Closing shareholders' deficit		

14 Gross cash flows	2015	2014
	£	£
Capital expenditure		
Payments to acquire tangible fixed assets	(2,384,885)	(2,145,556)
Receipts from sales of tangible fixed assets	-	2,560
	<u>(2,384,885)</u>	<u>(2,142,996)</u>
Financing		
New loans raised	350,000	3,954,600
	<u>350,000</u>	<u>3,954,600</u>

15 Analysis of changes in net debt	At 28 Nov	Cash flows	At 26 Nov
	2014		2015
	£	£	£
Cash at bank and in hand	2,381,437	(1,631,602)	749,835
Debt due within 1 year	(15,910,600)	(350,000)	(16,260,600)
	<u>(13,529,163)</u>	<u>(1,981,602)</u>	<u>(15,510,765)</u>
Total net debt			

FAWSLEY HALL LIMITED**Notes to the Accounts****for the period from 28 November 2014 to 26 November 2015****16 Capital commitments****2015****2014****£****£**

Amounts contracted for but not provided in the accounts

179,934-

At the period end the company had entered into construction contracts with unrelated parties for an amount of £180k, for development works of the entrance road and car park.

17 Ultimate parent company and controlling party

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

The ultimate controlling party is Mr G Hands.