

# **Fawsley Hall Limited**

Report and Financial Statements

Period Ended

28 November 2019

Company Number 08595744

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# Fawsley Hall Limited

## Company Information

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<b>Directors</b>	K Arkley S Fairs
<b>Company secretary</b>	Vistra Company Secretaries Limited
<b>Registered number</b>	08595744
<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

# Fawsley Hall Limited

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# Fawsley Hall Limited

## Strategic Report For the period ended 28 November 2019

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### Introduction

The directors present their Strategic Report for the 52 week period ended 28 November 2019 (2018: 52 week period).

### Business review

The results for the period and financial position are as shown in the annexed financial statements. The directors are optimistic as to the future success of the group.

The hotel turnover for the period was £5,086k (2018: £5,057k) and the operating loss was £546k (2018: loss of £420k). EBITDA for the period was £31k (2018: £130k).

Rooms performance showed a decrease of 0.2% in occupancy for the period and an increase of £0.05 in revpar (revenue per available room).

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.

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 company:

- financial and operational impact of the coronavirus epidemic;
- 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 company's exposure to these risks.

### Expansion for the future

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

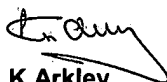
### Environment

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

This report was approved on behalf of the board and signed on 27 November 2020



**K Arkley**  
Director

# Fawsley Hall Limited

## Directors' Report For the period ended 28 November 2019

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The directors present their report and the financial statements for the 52 week period ended 28 November 2019 (2018: 52 week period).

### Principal activity

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

### Results and dividends

The loss for the period, after taxation, amounted to £546k (2018 - £420k).

No dividends were paid during the period ended 28 November 2019 (2018: £nil).

### Financial instruments

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

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

### Directors

The directors who served during the period

K Arkley  
S Fairs

### Directors' responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# Fawsley Hall Limited

## Directors' Report (continued) For the period ended 28 November 2019

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### Going concern

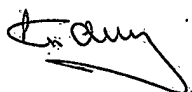
The global and UK outbreak of coronavirus subsequent to the period end (and thereby considered a non-adjusting post Statement of Financial Position event for accounting purposes), and its impact on the company and the group, has been and continues to be closely reviewed by the Board of Directors. Further 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 person 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 relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 27 November 2020 and signed on its behalf.



**K Arkley**  
Director

# **Fawsley Hall Limited**

## **Independent Auditor's Report to the members of Fawsley Hall Limited**

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### **Opinion**

We have audited the financial statements of Fawsley Hall Limited (the 'company') and its subsidiaries (the "group") for the period ended 28 November 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group and company's affairs as at 28 November 2019 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Material uncertainty relating to going concern**

We draw attention to Note 1 to the financial statements which describes how the ability of the company to continue as a going concern is affected by the potential impacts of the COVID-19 pandemic. Certain potential scenarios suggest that, based on reasonably expected phased reintroduction of normal operations, the company will require additional funding which is not guaranteed. These events indicate that a material uncertainty exists that may cast significant doubt over the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **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.

# Fawsley Hall Limited

## Independent Auditor's Report to the members of Fawsley Hall Limited (continued)

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

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

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

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

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

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

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

### Responsibilities of directors

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

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

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

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

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

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



# Fawsley Hall Limited

## Independent Auditor's Report to the members of Fawsley Hall Limited (continued)

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### 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: 30 November 2020

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

# Fawsley Hall Limited

## Consolidated Statement of Comprehensive Income For the period ended 28 November 2019

		Period ended 28 November 2019 £	Period ended 29 November 2018 £
	Note		
Turnover		5,085,850	5,057,145
Cost of sales		(1,029,234)	(1,007,206)
<b>Gross profit</b>		<b>4,056,616</b>	<b>4,049,939</b>
Administrative expenses		(4,604,615)	(4,470,269)
<b>Operating loss</b>	3	<b>(547,999)</b>	<b>(420,330)</b>
Interest receivable		1,602	-
<b>Loss before tax</b>		<b>(546,397)</b>	<b>(420,330)</b>
Tax on loss	5	-	-
<b>Loss for the period</b>		<b>(546,397)</b>	<b>(420,330)</b>
Other comprehensive loss for the period		-	-
<b>Total comprehensive loss for the period</b>		<b>(546,397)</b>	<b>(420,330)</b>
<b>Loss for the period attributable to:</b>			
Owners of the parent company		(546,397)	(420,330)
		<b>(546,397)</b>	<b>(420,330)</b>

The notes on pages 13 to 27 form part of these financial statements.

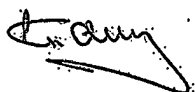
# Fawsley Hall Limited

Registered number:08595744

## Consolidated Statement of Financial Position As at 28 November 2019

	Note	28 November 2019 £	29 November 2018 £
<b>Fixed assets</b>			
Tangible assets	6	13,839,700	14,162,180
<b>Current assets</b>			
Stocks	8	34,420	39,927
Debtors	9	151,368	144,699
Cash and cash equivalents		994,109	1,362,601
		<u>1,179,897</u>	<u>1,547,227</u>
Creditors: amounts falling due within one year	10	(17,882,457)	(18,025,870)
<b>Net current liabilities</b>		<u>(16,702,560)</u>	<u>(16,478,643)</u>
<b>Total assets less current liabilities</b>		<u>(2,862,860)</u>	<u>(2,316,463)</u>
<b>Net liabilities</b>		<u>(2,862,860)</u>	<u>(2,316,463)</u>
<b>Capital and reserves</b>			
Called up share capital	11	1	1
Profit and loss account	12	(2,862,861)	(2,316,464)
<b>Total equity</b>		<u>(2,862,860)</u>	<u>(2,316,463)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 November 2020



**K Arkley**  
Director

The notes on pages 13 to 27 form part of these financial statements.

# Fawsley Hall Limited

Registered number:08595744

## Company Statement of Financial Position As at 28 November 2019

		28 November 2019 £	29 November 2018 £
<b>Fixed assets</b>	<b>Note</b>		
Tangible assets	6	13,839,700	14,162,180
Investments	7	1	1
		<u>13,839,701</u>	<u>14,162,181</u>
<b>Current assets</b>			
Cash and cash equivalents		423,137	506,816
Creditors: amounts falling due within one year	10	(16,393,537)	(16,405,644)
<b>Net current liabilities</b>		<u>(15,970,400)</u>	<u>(15,898,828)</u>
<b>Total assets less current liabilities</b>		<u>(2,130,699)</u>	<u>(1,736,647)</u>
<b>Net liabilities</b>		<u>(2,130,699)</u>	<u>(1,736,647)</u>
<b>Capital and reserves</b>			
Called up share capital	11	1	1
Profit and loss account	12	(2,130,700)	(1,736,648)
<b>Total equity</b>		<u>(2,130,699)</u>	<u>(1,736,647)</u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent company for the period was £394,052 (2018: £376,583).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 November 2020

  
K Arkley  
Director

The notes on pages 13 to 27 form part of these financial statements.

# Fawsley Hall Limited

## Consolidated Statement of Changes in Equity For the period ended 28 November 2019

	Share capital £	Profit and loss account £	Total equity £
<b>At 30 November 2017</b>	1	(1,896,134)	(1,896,133)
Loss for the period	-	(420,330)	(420,330)
<b>At 29 November 2018</b>	1	(2,316,464)	(2,316,463)
Loss for the period	-	(546,397)	(546,397)
<b>At 28 November 2019</b>	1	(2,862,861)	(2,862,860)

The notes on pages 13 to 27 form part of these financial statements.

# Fawsley Hall Limited

## Company Statement of Changes in Equity For the period ended 28 November 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
<b>At 30 November 2017</b>	<b>1</b>	<b>(1,360,065)</b>	<b>(1,360,064)</b>
Loss for the period	-	(376,583)	(376,583)
<b>At 29 November 2018</b>	<b>1</b>	<b>(1,736,648)</b>	<b>(1,736,647)</b>
Loss for the period	-	(394,052)	(394,052)
<b>At 28 November 2019</b>	<b>1</b>	<b>(2,130,700)</b>	<b>(2,130,699)</b>

The notes on pages 13 to 27 form part of these financial statements.

# Fawsley Hall Limited

## Consolidated Statement of Cash Flows For the period ended 28 November 2019

	28 November 2019 £	29 November 2018 £
<b>Cash flows from operating activities</b>		
Loss for the financial period	(546,397)	(420,330)
<b>Adjustments for:</b>		
Depreciation of tangible assets	575,628	550,326
Interest received	(1,602)	-
Decrease/(increase) in stocks	5,507	(3,068)
Increase in debtors	(6,669)	(12,371)
Decrease in creditors	(143,413)	(20,791)
<b>Net cash (used in)/generated from operating activities</b>	<b>(116,946)</b>	<b>93,766</b>
<b>Cash flows from investing activities</b>		
Payments to acquire tangible fixed assets	(253,148)	(99,956)
Interest received	1,602	-
<b>Net cash used in investing activities</b>	<b>(251,546)</b>	<b>(99,956)</b>
<b>Cash flows from financing activities</b>		
Proceeds from new loans	-	350,000
<b>Net cash from financing activities</b>	<b>-</b>	<b>350,000</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(368,492)</b>	<b>343,810</b>
Cash and cash equivalents at beginning of period	1,362,601	1,018,791
<b>Cash and cash equivalents at the end of period</b>	<b>994,109</b>	<b>1,362,601</b>
<b>Cash and cash equivalents at the end of period comprise:</b>		
Cash at bank	994,109	1,362,601
	<b>994,109</b>	<b>1,362,601</b>

The notes on pages 13 to 27 form part of these financial statements.

# Fawsley Hall Limited

## Notes to the Financial Statements For the period ended 28 November 2019

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### 1. Accounting policies

#### **General information**

Fawsley Hall 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 52 week financial period (2018: 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.

#### **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.

The following principal accounting policies have been applied:

#### **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 Directors' Report on pages 2 and 3 of these financial statements.

The company meets its day-to-day working capital requirements through use of its cash and facilities provided by its wider group headed by Hand Picked Hotels Limited, for which the Board has requested and received confirmation of intended ongoing parent company support.

As at 28 November 2019, the group reported net liabilities of £2,863k (2018: £2,316k). 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 company extending beyond 12 months from the date of approval of these financial statements, taking into account £950k of working capital funding received from Hand Picked Hotels Holdings (Guernsey) Limited since the period end.



# Fawsley Hall Limited

## Notes to the Financial Statements For the period ended 28 November 2019

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### 1. Accounting policies (continued)

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

These forecasts have been consolidated with those of the wider Hand Picked Hotels banking group (for which cross guarantees are uniformly in place), headed by Hand Picked Hotels Limited. However, it is acknowledged that the global and UK outbreak of COVID-19 has had a profound impact on these forecasts.

In accordance with UK government requirements, all hotels in the group including that owned by the company, closed to public customers on 26 March 2020 and remained closed until 4 July 2020. At the time of signing the financial statements, it is not yet known how long a phased reintroduction of operating activities resulting from social distancing measures will be required. Accordingly, management have modelled various cash flow scenarios based on alternative rates of return to normalised occupancy rates and room rates. At present the board anticipates that changes to social distancing restrictions will enable the company to return to full trading during 2021.

The board acknowledge that 'full trading' may look very different post-COVID-19 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 directors acknowledge however that the environment is continuously changing and, as such, projecting the rate at which the impacts of COVID-19 will ease, and when and how distancing restrictions will be lifted is challenging. In order to mitigate the associated impacts on revenue during this time, and in order to protect the longer term interests of the company and its employees, the company, and group, has taken measures to reduce its cost base.

The company is dependent on the wider Hand Picked Hotels Holdings (Guernsey) Limited Group for ongoing financial support in the form of future operating funding and non-recall of intercompany balances. As at the period end, the wider banking group had outstanding facilities, subject to bank covenants, of £30m, that matures on 30 November 2020. As at the time of signing these accounts, the company is in discussion with the existing lender to provide a further loan facility.

In light of the impacts of COVID-19 and the various potential scenarios, along with the expiry of current banking facilities at the end of November 2020, the directors have identified a material uncertainty that may cast significant doubt over the company's ability to continue as a going concern for the foreseeable future.

Notwithstanding the above uncertainty, having considered current forecasts (including reasonably foreseeable scenarios) and the willingness and ability of the shareholders to continue to provide ongoing support, the board have concluded that it remains appropriate to prepare the financial statements on a going concern basis.

The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

#### ***Basis of consolidation***

The group financial statements consolidate the financial statements of Fawsley Hall Limited and its subsidiary from the date of acquisition, up to the date of disposal, for the period ended 28 November 2019.

#### ***Investments***

Investments in subsidiaries are measured at cost less accumulated impairment.

# Fawsley Hall Limited

## Notes to the Financial Statements For the period ended 28 November 2019

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### 1. Accounting policies (continued)

#### **Turnover**

Turnover represents amounts receivable for accommodation, food and beverage sales and ancillary hotel services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Turnover is recognised at the point at which goods and services are delivered to the customer. Deposits which have been received at the 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.

#### **Interest income**

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

#### **Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

#### **Depreciation**

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
Plant and machinery	- over 5 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.

#### **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.

# Fawsley Hall Limited

## Notes to the Financial Statements For the period ended 28 November 2019

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### 1. Accounting policies (continued)

#### **Debtors**

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

#### **Creditors**

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

#### **Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the 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.

#### **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 tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position 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.

#### **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.

# Fawsley Hall Limited

## Notes to the Financial Statements For the period ended 28 November 2019

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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 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.

#### ***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 profit and loss 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 company 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 group in independently administered funds.

# Fawsley Hall Limited

## Notes to the Financial Statements For the period ended 28 November 2019

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

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 6)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

### 3. Operating loss

This is stated after charging:

	<b>Period ended 28 November 2019 £</b>	<b>Period ended 29 November 2018 £</b>
Depreciation of tangible fixed assets	<b>575,628</b>	550,325
Auditor's remuneration for audit services	<b>5,280</b>	5,050

# Fawsley Hall Limited

## Notes to the Financial Statements For the period ended 28 November 2019

### 4. Staff costs

	Period ended 29 November 2019 £	Period ended 30 November 2018 £
Wages and salaries	1,820,340	1,774,098
Social security costs	143,030	138,316
Other pension costs	54,808	46,860
	<u>2,018,178</u>	<u>1,959,274</u>
Agency staff	146,899	68,631
	<u>2,165,077</u>	<u>2,027,905</u>

None of the directors received any remuneration for the period (2018: £nil).

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

	Period ended 28 November 2019 No.	Period ended 29 November 2018 No.
Hotel operations	62	68
Administration	8	8
	<u>70</u>	<u>76</u>

# Fawsley Hall Limited

## Notes to the Financial Statements For the period ended 28 November 2019

### 5. Taxation

	Period ended 28 November 2019 £	Period ended 29 November 2018 £
<b>Current tax</b>		
UK corporation tax at 19% (2018: 19%)	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	-
<b>Tax on loss on ordinary activities</b>	-	-

### Reconciliation of tax charge

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

	Period ended 28 November 2019 £	Period ended 29 November 2018 £
Loss on ordinary activities before tax	(546,397)	(420,330)
Loss on ordinary activities multiplied by the standard rate of corporation tax of 19% (2018: 19%)	(103,815)	(79,863)
<b>Effects of:</b>		
Expenses not deductible for corporation tax purposes	83,102	80,678
Group relief claimed	(5,661)	(25,509)
Deferred tax not recognised	23,598	22,094
Difference in tax rates	2,776	2,600
<b>Current tax charge for period</b>	-	-

The group has potential deferred tax assets of £162,730 (2018: £139,132) of which £84,527 relates to fixed asset timing differences and £78,203 relates to short term timing differences and trading losses carried forward available for offset against future trading profits.

# Fawsley Hall Limited

## Notes to the Financial Statements For the period ended 28 November 2019

### 6. Tangible fixed assets

#### Group

	Freehold land and buildings £	Fixtures, fittings, tools and equipment £	Total £
<b>Cost</b>			
At 30 November 2018	10,880,132	5,553,613	16,433,745
Additions	-	253,148	253,148
Disposals	-	(11,072)	(11,072)
At 28 November 2019	<u>10,880,132</u>	<u>5,795,689</u>	<u>16,675,821</u>
<b>Depreciation</b>			
At 30 November 2018	316,367	1,955,198	2,271,565
Charge for the period	57,525	518,103	575,628
Disposals	-	(11,072)	(11,072)
At 28 November 2019	<u>373,892</u>	<u>2,462,229</u>	<u>2,836,121</u>
<b>Net book value</b>			
At 28 November 2019	<u>10,506,240</u>	<u>3,333,460</u>	<u>13,839,700</u>
At 29 November 2018	<u>10,563,765</u>	<u>3,598,415</u>	<u>14,162,180</u>

Included in freehold land and buildings is freehold land of £2,163,200 (2018: £2,163,200) which is not depreciated.



# Fawsley Hall Limited

## Notes to the Financial Statements For the period ended 28 November 2019

### 6. Tangible fixed assets (continued)

#### Company

	Freehold land and buildings £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>			
At 30 November 2018	10,880,132	5,553,613	16,433,745
Additions	-	253,148	253,148
Disposals	-	(11,072)	(11,072)
At 28 November 2019	<u>10,880,132</u>	<u>5,795,689</u>	<u>16,675,821</u>
<b>Depreciation</b>			
At 30 November 2018	316,367	1,955,198	2,271,565
Charge for the period	57,525	518,103	575,628
Disposals	-	(11,072)	(11,072)
At 28 November 2019	<u>373,892</u>	<u>2,462,229</u>	<u>2,836,121</u>
<b>Net book value</b>			
At 28 November 2019	<u>10,506,240</u>	<u>3,333,460</u>	<u>13,839,700</u>
At 29 November 2018	<u>10,563,765</u>	<u>3,598,415</u>	<u>14,162,180</u>

Included in freehold land and buildings is freehold land of £2,163,200 (2018: £2,163,200) which is not depreciated.

# Fawsley Hall Limited

## Notes to the Financial Statements For the period ended 28 November 2019

### 7. Investments

#### Direct subsidiary undertakings

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

Name	Country of incorporation	Holding	Shares held	Class
Fawsley Hall (No. 2) Limited	England and Wales	100%	Ordinary	

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

The nature of operation is hotels and similar accommodation.

#### Company

	Investments in subsidiary companies £
<b>Cost</b>	
At 30 November 2018 and 28 November 2019	1
<b>Net book value</b>	
At 29 November 2018 and 28 November 2019	1

### 8. Stocks

	Group 28 November 2019 £	Group 29 November 2018 £	Company 28 November 2019 £	Company 29 November 2018 £
Goods for resale	34,420	39,927	-	-

# Fawsley Hall Limited

## Notes to the Financial Statements For the period ended 28 November 2019

### 9. Debtors

	<b>Group 28 November 2019 £</b>	<b>Group 29 November 2018 £</b>	<b>Company 28 November 2019 £</b>	<b>Company 29 November 2018 £</b>
Trade debtors	114,306	108,029	-	-
Other debtors	19,936	20,654	-	-
Prepayments and accrued income	17,126	16,016	-	-
	<b>151,368</b>	<b>144,699</b>	<b>-</b>	<b>-</b>

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

	<b>Group 28 November 2019 £</b>	<b>Group 29 November 2018 £</b>	<b>Company 28 November 2019 £</b>	<b>Company 29 November 2018 £</b>
Payments in advance	480,621	508,736	-	-
Trade creditors	145,166	241,393	9,546	24,002
Amounts due to parent undertaking (1)	16,260,600	16,260,600	15,910,600	15,910,600
Amounts due to ultimate parent company (1)	350,000	350,000	350,000	350,000
Amounts due to related undertakings	211,783	308,559	119,712	117,938
Other taxation and social security	152,561	75,517	-	-
Other creditors	166,661	184,276	4,949	4,974
Accruals	115,065	96,789	(1,270)	(1,870)
	<b>17,882,457</b>	<b>18,025,870</b>	<b>16,393,537</b>	<b>16,405,644</b>

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

### 11. Share capital

	<b>2019 £</b>	<b>2018 £</b>
<b>Allotted, called up and fully paid</b>		
1 Ordinary share of £1	1	1

# Fawsley Hall Limited

## Notes to the Financial Statements For the period ended 28 November 2019

### 12. Reserves

#### Profit and loss account

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

### 13. Capital commitments

	Company 28 November 2019 £	Company 29 November 2018 £
Amounts contracted for but not provided in the accounts	<b>20,638</b>	12,000

At the period end the company had entered into construction contracts with unrelated parties for an amount of £20k (2018: £12k), for bedroom improvement works.

### 14. Defined contribution pension plans

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £54,808 (2018: £46,860). Contributions payable to the fund at the period end included in creditors for the group totaled £15,660 (2018: £14,491).

### 15. Commitments under operating leases

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

	Other 2019 £	Other 2018 £
<b>Group</b>		
Falling due:		
Within 1 year	<b>3,846</b>	3,846
Within two to five years	<b>5,813</b>	8,983

# Fawsley Hall Limited

## Notes to the Financial Statements For the period ended 28 November 2019

### 16. Financial instruments

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

	Group 2019 £	Group 2018 £
<b>Financial assets</b>		
Financial assets measured at amortised cost	<u>1,128,351</u>	<u>1,491,284</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(16,899,275)</u>	<u>(17,091,617)</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.

### 17. Related party transactions

Included within creditors, amounts falling due within one year, as at 28 November 2019 there are other loan creditors of £16,260,600 (2018: £16,260,600) owed to Hand Picked Hotels Holdings (Guernsey) Limited, the company's parent undertaking and a loan of £350,000 (2018: £350,000) from its ultimate parent company, Julian Holdings Limited. The loans are non-interest bearing and repayable on demand.

Also within creditors it is included an amount of £211,783 (2018: £308,559) which is due to Hand Picked Hotels Limited, a related party. This arises from management charges and service fees for the period ended 28 November 2019 of £750,441 (2018: £766,367), plus amounts due to Hand Picked Hotels Limited subsidiaries for other purposes.

### 18. Subsequent events

Subsequent to the period end, and as discussed in note 1 to these financial statements: Basis of preparation - Going concern, the onset of the COVID-19 pandemic has had a profound impact on the company, group and wider UK economy. In accordance with FRS102, this is considered to be a non-adjusting event after the end of the reporting period that is not indicative of conditions that existed at the end of the reporting period.

The board has considered the existence of COVID-19 impacts on assets and liabilities of the business as reported as at the balance sheet date. In general, whilst hotel values may have been impacted by COVID-19, the location of the hotel and the expected return to normal trading in the medium term lead the directors to conclude that the long term viability of the hotel is preserved. However, as at the time of reporting, it has not been practicable to obtain an unqualified valuation of the asset that may have been subject to a material impairment.

# Fawsley Hall Limited

## Notes to the Financial Statements For the period ended 28 November 2019

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### 19. Ultimate parent company and controlling party

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

The company's immediate parent company is 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.