

Fawsley Hall Limited

Report and Financial Statements

Period Ended

30 November 2017

Company Number 08595744

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Fawsley Hall Limited

Company Information

Directors	K Arkley S Fairs
Company secretary	Jordans Company Secretaries Limited
Registered number	08595744
Registered office	The Old Library The Drive Sevenoaks Kent TN13 3AB
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU

Fawsley Hall Limited

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Fawsley Hall Limited

Strategic report For the period ended 30 November 2017

Introduction

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

Business review

The group turnover for the period was up 1.5% at £5,147k (2016: £5,071k) and the operating loss was £243k (2016: loss of £260k). EBITDA for the period was £321k (2016: £282k).

Rooms performance showed a decrease of 1.2% in occupancy for the period and an increase of £0.18 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.

The group is well positioned for growth as the market continues to recover 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 company:

- 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.

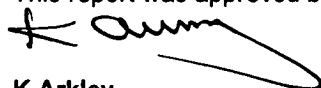
Environment

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 by the board on 21 August 2018.



K Arkley
Director

Fawsley Hall Limited

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

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

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

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

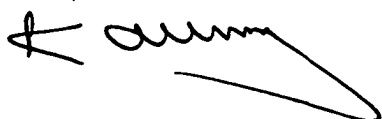
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply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

Provision of information to auditor

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

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

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



K Arkley
Director

Fawsley Hall 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 activity

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

Results and dividends

The loss before tax for the period, amounted to £243k (2016: £260k loss).

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

Financial instruments

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

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

Directors

The directors who served during the period :

K Arkley

S Fairs

J Hands (resigned 9 March 2018)

Fawsley Hall Limited

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

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Fawsley Hall Limited

Independent Auditor's Report to the members of Fawsley Hall 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 strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Fawsley Hall Limited

Independent Auditor's Report to the members of Fawsley Hall 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).

Fawsley Hall Limited

Consolidated Statement of Comprehensive Income For the period ended 30 November 2017

	Note	2017 £	2016 £
Turnover		5,147,380	5,071,171
Cost of sales		(1,014,524)	(1,032,773)
Gross profit		4,132,856	4,038,398
Administrative expenses		(4,375,670)	(4,298,774)
Operating loss	3	(242,814)	(260,376)
Tax on loss	5	-	-
Loss for the period		(242,814)	(260,376)
Other comprehensive loss for the period		-	-
Total comprehensive loss for the period		(242,814)	(260,376)
Loss for the period attributable to:			
Owners of the parent company		(242,814)	(260,376)
		(242,814)	(260,376)

The notes on pages 13 to 26 form part of these financial statements.

Fawsley Hall Limited
Registered number: 08595744

Consolidated Statement of Financial Position
As at 30 November 2017

		30 November 2017 £	24 November 2016 £
	Note		
Fixed assets			
Tangible assets	6	14,612,550	15,033,213
Current assets			
Stocks	8	36,859	43,465
Debtors	9	132,328	277,888
Cash and cash equivalents		1,018,791	631,464
		<u>1,187,978</u>	<u>952,817</u>
Creditors: amounts falling due within one year	10	<u>(17,696,661)</u>	<u>(17,639,349)</u>
Net current liabilities		(16,508,683)	(16,686,532)
Total assets less current liabilities		(1,896,133)	(1,653,319)
Net liabilities		<u>(1,896,133)</u>	<u>(1,653,319)</u>
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account	12	(1,896,134)	(1,653,320)
Total equity		<u>(1,896,133)</u>	<u>(1,653,319)</u>

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



K Arkley
Director

The notes on pages 13 to 26 form part of these financial statements.

21 August 2018

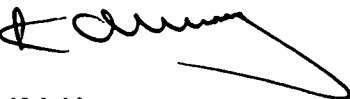
Fawsley Hall Limited
Registered number: 08595744

Company Statement of Financial Position
As at 30 November 2017

	Note	30 November 2017 £	24 November 2016 £
Fixed assets			
Tangible assets	6	14,612,550	15,033,213
Investments	7	1	1
		<u>14,612,551</u>	<u>15,033,214</u>
Current assets			
Debtors: amounts falling due within one year	9	-	7,068
Cash and cash equivalents		63,943	22,255
		<u>63,943</u>	<u>29,323</u>
Creditors: amounts falling due within one year	10	(16,036,558)	(16,042,882)
Net current liabilities		<u>(15,972,615)</u>	<u>(16,013,559)</u>
Total assets less current liabilities		<u>(1,360,064)</u>	<u>(980,345)</u>
Net liabilities		<u>(1,360,064)</u>	<u>(980,345)</u>
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account		(1,360,065)	(980,346)
Total equity		<u>(1,360,064)</u>	<u>(980,345)</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 £379,719 (2016: profit of £358,829).

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



K Arkley
Director

The notes on pages 13 to 26 form part of these financial statements.

21 August 2018

Fawsley Hall Limited

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

	Share capital £	Profit and loss account £	Equity attributable to owners of parent company £	Total equity £
At 26 November 2015	1	(1,392,944)	(1,392,943)	(1,392,943)
Loss for the period	-	(260,376)	(260,376)	(260,376)
At 25 November 2016	1	(1,653,320)	(1,653,319)	(1,653,319)
Loss for the period	-	(242,814)	(242,814)	(242,814)
At 30 November 2017	1	(1,896,134)	(1,896,133)	(1,896,133)

The notes on pages 13 to 26 form part of these financial statements.

Fawsley Hall Limited

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 November 2015	1	(621,517)	(621,516)
Loss for the period	-	(358,829)	(358,829)
At 25 November 2016	1	(980,346)	(980,345)
Loss for the period	-	(379,719)	(379,719)
At 30 November 2017	1	(1,360,065)	(1,360,064)

The notes on pages 13 to 26 form part of these financial statements.

Fawsley Hall Limited

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

	30 November 2017 £	24 November 2016 £
Cash flows from operating activities		
Loss for the financial period	(242,814)	(260,376)
Adjustments for:		
Depreciation of tangible assets	563,777	542,551
Decrease in stocks	6,606	1,965
Decrease in debtors	145,560	61,279
Increase in creditors	57,312	62,895
Net cash generated from operating activities	530,441	408,314
Cash flows from investing activities		
Payments to acquire tangible fixed assets	(143,114)	(526,685)
Net cash used in investing activities	(143,114)	(526,685)
Net cash increase/(decrease) in cash and cash equivalents	387,327	(118,371)
Cash and cash equivalents at beginning of the period	631,464	749,835
Cash and cash equivalents at the end of the period	1,018,791	631,464
Cash and cash equivalents at the end of period comprise:		
Cash at bank	1,018,791	631,464
	1,018,791	631,464

Fawsley Hall Limited

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

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 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.

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

Basis of consolidation

The group financial statements consolidate the financial statements of Fawsley Hall Limited and its subsidiary from the date of acquisition, up to the date of disposal, for the period ended 30 November 2017.

Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Fawsley Hall Limited

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

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 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.

Tangible fixed assets

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

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

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method, as follows:

Freehold buildings core	50 years
Freehold buildings surface 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 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 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.

Fawsley Hall Limited

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

1. Accounting policies (continued)

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.

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 30 November 2017

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 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 statement of comprehensive income on a straight line basis over the period of the lease.

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

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 6)

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

3. Operating loss

This is stated after charging:

	2017 £	2016 £
Depreciation of owned fixed assets	563,777	542,551
Auditors' remuneration for audit services	4,940	5,700

4. Employees

	2017 £	2016 £
Wages and salaries	1,774,468	1,730,888
Social security costs	138,329	133,107
Other pension costs	26,555	16,691
	<u>1,939,352</u>	<u>1,880,686</u>
Agency staff	21,844	63,515
	<u>1,961,196</u>	<u>1,944,201</u>

Fawsley Hall Limited

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

4. Employees (continued)

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

	2017 No.	2016 No.
Hotel operations	68	73
Administration	9	9
	<u>77</u>	<u>82</u>

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

5. Taxation

	2017 £	2016 £
UK corporation tax at 19.35% (2016: 20.00%)	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	<u>-</u>	<u>-</u>
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	<u>-</u>	<u>-</u>

Fawsley Hall Limited

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

5. Taxation (continued)

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:

	2017 £	2016 £
Loss on ordinary activities before tax	(242,814)	(260,376)
Loss on ordinary activities multiplied by the standard rate of corporation tax	(46,980)	(52,075)
Effects of:		
Expenses not deductible for tax purposes	83,684	83,967
Group relief claimed	(63,376)	(56,436)
Deferred tax not recognised	23,437	19,826
Difference in tax rates	3,235	4,718
Total tax charge for the period	-	-

The group has potential deferred tax assets of £117,038 (2016: £114,022) of which £39,820 relates to fixed asset timing differences and £77,218 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 30 November 2017

6. Tangible fixed assets

Group

	Freehold land and buildings £	Fixtures, fittings, tools and equipment £	Total £
Cost			
At 25 November 2016	10,880,132	5,455,867	16,335,999
Additions	-	143,114	143,114
At 30 November 2017	10,880,132	5,598,981	16,479,113
Depreciation			
At 25 November 2016	201,315	1,101,471	1,302,786
Charge for the period	57,526	506,251	563,777
At 30 November 2017	258,841	1,607,722	1,866,563
Net book value			
At 30 November 2017	10,621,291	3,991,259	14,612,550
At 24 November 2016	10,678,817	4,354,396	15,033,213

Included in freehold land and buildings is freehold land of £2,163,200 (2016: £2,163,200) which is not depreciated.

Fawsley Hall Limited

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

6. Tangible fixed assets (continued)

Company

	Freehold property £	Fixtures and fittings £	Total £
Cost or valuation			
At 25 November 2016	10,880,132	5,455,867	16,335,999
Additions	-	143,114	143,114
At 30 November 2017	10,880,132	5,598,981	16,479,113
Depreciation			
At 25 November 2016	201,315	1,101,471	1,302,786
Charge for the period	57,526	506,251	563,777
At 30 November 2017	258,841	1,607,722	1,866,563
Net book value			
At 30 November 2017	10,621,291	3,991,259	14,612,550
At 24 November 2016	10,678,817	4,354,396	15,033,213

Included in freehold land and buildings is freehold land of £2,163,200 (2016: £2,163,200) which is not depreciated.

Fawsley Hall Limited

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

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

Company
investments
in
subsidiary
companies
£

Cost or valuation

At 25 November 2016 1

At 30 November 2017 1

Net book value

At 30 November 2017 1

At 24 November 2016 1

Fawsley Hall Limited

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

8. Stocks

	Group 30 November 2017 £	Group 24 November 2016 £	Company 30 November 2017 £	Company 24 November 2016 £
Goods for resale	36,859	43,465	-	-

Stock recognised in cost of sales during the period as an expense was £530,626 (2016: £598,633).

9. Debtors

	Group 30 November 2017 £	Group 24 November 2016 £	Company 30 November 2017 £	Company 24 November 2016 £
Trade debtors	55,649	201,548	-	-
Other debtors	46,574	54,180	-	7,068
Prepayments and accrued income	30,105	22,160	-	-
	132,328	277,888	-	7,068

10. Creditors: Amounts falling due within one year

	Group 30 November 2017 £	Group 24 November 2016 £	Company 30 November 2017 £	Company 24 November 2016 £
Payments in advance	575,839	446,675	-	-
Trade creditors	196,420	201,546	7,843	21,864
Other taxes and social security costs	155,509	112,816	-	-
Amounts due to parent undertaking (1)	16,260,600	16,260,600	15,992,800	15,991,172
Amounts due to related undertakings	249,078	303,645	30,783	13,401
Other creditors	177,918	47,142	6,254	2,865
Accruals and deferred income	81,297	266,925	(1,122)	13,580
	17,696,661	17,639,349	16,036,558	16,042,882

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

Fawsley Hall Limited

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

11. Share capital

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

12. Reserves

Profit and loss account

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

13. Capital commitments

	Company 30 November 2017 £	Company 24 November 2016 £
Amounts contracted for but not provided in the accounts	<u>23,175</u>	<u>179,934</u>
	<u>23,175</u>	<u>179,934</u>

At the period end the company had entered into construction contracts with unrelated parties for an amount of £23k, for decoration 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 £26,555 (2016: £16,691). Contributions payable to the fund at the period end included in creditors for the group totalled £9,867 (2016: £2,604).

Fawsley Hall Limited

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

15. Commitments under operating leases

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

	Land and buildings 2017 £	Land and buildings 2016 £
Group		
Falling due:		
Within 1 year	4,899	9,876
Within two to five years	1,554	14,588

16. Related party transactions

Included within creditors, amounts falling due within one year, as at 30 November 2017 there are other loan creditors of £16,260,600 (2016: £16,260,600) owed to Alscot Sarl, the company's ultimate parent undertaking. Also within creditors it is included an amount of £249,078 (2016: £303,645) which is due to Hand Picked Hotels Limited, a related party. This arises from management charges and service fees for the period ending 30 November 2017 of £826,660 (2016: £811,742), plus amounts due to Hand Picked Hotels Limited subsidiaries for other purposes.

17. Ultimate parent company and controlling party

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

The ultimate controlling party is Mr G Hands.

Fawsley Hall Limited

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

18. Financial instruments

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

	Group 2017 £	Group 2016 £
Financial assets		
Financial assets measured at amortised cost	1,121,044	887,192
	<u>1,121,044</u>	<u>887,192</u>
Financial liabilities		
Financial liabilities measured at amortised cost	16,965,313	17,079,858
	<u>16,965,313</u>	<u>17,079,858</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.