

REGISTERED NUMBER: 01899376 (England and Wales)

**GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019
FOR
ELITE HOTELS (ROTHERWICK) LIMITED**

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for the Year Ended 31 March 2019**

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ELITE HOTELS (ROTHERWICK) LIMITED

COMPANY INFORMATION
for the Year Ended 31 March 2019

DIRECTORS:

G C Bateman
S J Willis
R S Callaghan
A H W Dixon
D J Banks

SECRETARY:

R S Callaghan

REGISTERED OFFICE:

Ashdown Park
Wych Cross
Forest Row
East Sussex
RH18 5JR

REGISTERED NUMBER:

01899376 (England and Wales)

AUDITORS:

Oury Clark Chartered Accountants
Statutory Auditors
Herschel House
58 Herschel Street
Slough
Berkshire
SL1 1PG

**GROUP STRATEGIC REPORT
for the Year Ended 31 March 2019**

The directors present their strategic report for the year ended 31 March 2019.

REVIEW OF BUSINESS

Elite Hotels continues to operate in the luxury hotel market always aiming to deliver distinctly memorable experiences. Sales for the year ended 31 March 2019 were £37,810,520 (2018: £36,864,401). Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and loan arrangement fees were £4,213,454 (2018: £4,180,331).

During the financial year the Ashdown Park (Sussex) Ltd suffered a significant fire in the country club. Whilst business interruption insurance minimised the financial impact of the event, the fire led to a further loss in revenue that can not be quantified. The directors are firmly of the belief that the financial performance of the hotel would have been improved had the fire not occurred.

KEY PERFORMANCE INDICATORS

The main key performance indicators are EBITDA and Turnover which are monitored monthly by the directors. Interest Cover and Loan to value are also evaluated in line with bank covenants.

PRINCIPAL RISKS AND UNCERTAINTIES

Market and Competition risk - The group is exposed to normal market and economic risks and manages competition by concentrating on its strengths and maintaining its established luxury brand with the focus on guest experience.

Financial risk - The group is exposed to interest rate rises, however the directors have fully considered financial risk and are extremely confident these will not threaten the companies' going concern.

Regulatory risk - The group minimises regulatory risk by training key personnel and appointing external experts where appropriate, to assess any potential non compliance. Health and safety, hygiene and accounting are examples of externally audited areas.

PEOPLE

The group understand and appreciate the vital role its employees play in the current and future success of the business. To encourage employee development the group continues to operate and enhance its training and development programmes and remains an active member of Investors in People. Employees are kept informed on a wide range of matters including the future strategy of company.

CORPORATE SOCIAL RESPONSIBILITY

The group places great importance on its Corporate Social Responsibility. Each hotel aims to ensure that they are a key player within the heart of respective local communities, values passed down by its ultimate parent The Incorporated Trustees of the Rotherwick Foundation, a UK registered charity.

ENVIRONMENTAL

The Elite Hotels group continue to actively monitor energy consumption and has again decreased the amount reported as part of the carbon reduction commitment scheme by 12%. The group has embraced the Energy Saving Opportunities Scheme and will use the findings to enhance its future energy management strategy.

FUTURE DEVELOPMENTS

The directors' strategy remains to continue investment in refurbishing, upgrading and developing the hotel facilities to enhance guest experience and increase return on investment.

COMPLIANCE WITH MODERN SLAVERY ACT

Following the enactment of the Modern Slavery Act in October 2015 the Company has reviewed its procurement and human rights practices and those of its supply chain in light of this act. Elite Hotels (Rotherwick) Limited's suppliers are UK based entities and, having reviewed the requirements of the Modern Slavery Act, it has taken action to comply with the regulations. Elite does not support forced and compulsory labour or the exploitation of children.

**GROUP STRATEGIC REPORT
for the Year Ended 31 March 2019**

COMPLIANCE WITH GENDER PAY GAP REPORTING REQUIREMENTS

Group company Luton Hoo Park Ltd is required to publish Gender Pay Gap data by virtue of number of employees. The company has fulfilled its obligations and the full Gender Pay Gap report is published on the company website.

ON BEHALF OF THE BOARD:

G C Bateman - Director

24 September 2019

**REPORT OF THE DIRECTORS
for the Year Ended 31 March 2019**

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2019.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2019.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2018 to the date of this report.

G C Bateman
S J Willis
R S Callaghan
A H W Dixon

Other changes in directors holding office are as follows:

S Lightfoot ceased to be a director after 31 March 2019 but prior to the date of this report.

D Banks was appointed as a director after 31 March 2019 but prior to the date of this report.

EMPLOYEE INVOLVEMENT

The group has continued its practice of keeping employees informed of matters affecting them as employees and of the financial and economic factors affecting the performance of the group.

DISABLED EMPLOYEES

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities.

In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the group may continue.

It is the policy of the group that training, career development and promotion opportunities should be made available to all employees.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 and the group'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.

**REPORT OF THE DIRECTORS
for the Year Ended 31 March 2019**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Oury Clark Chartered Accountants, are deemed to be re-appointed under Section 487 (2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:

G C Bateman - Director

24 September 2019

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ELITE HOTELS (ROTHERWICK) LIMITED

Opinion

We have audited the financial statements of Elite Hotels (Rotherwick) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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's and of the parent company affairs as at 31 March 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 group'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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ELITE HOTELS (ROTHERWICK) LIMITED

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 a Report of the Auditors 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 Report of the Auditors.

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 a Report of the Auditors 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.

Derrick Smith (Senior Statutory Auditor)
for and on behalf of Oury Clark Chartered Accountants
Statutory Auditors
Herschel House
58 Herschel Street
Slough
Berkshire
SL1 1PG

24 September 2019

CONSOLIDATED INCOME STATEMENT
for the Year Ended 31 March 2019

	Notes	31.3.19 £	31.3.18 £
TURNOVER	3	37,810,520	36,864,401
Cost of sales		<u>18,418,249</u>	<u>18,338,691</u>
GROSS PROFIT		19,392,271	18,525,710
Administrative and overhead expenses		<u>17,265,330</u>	<u>16,344,323</u>
		2,126,941	2,181,387
Other operating income		<u>6,000</u>	<u>13,670</u>
OPERATING PROFIT	5	2,132,941	2,195,057
Present value adjustment		<u>7,524,798</u>	<u>(158,747)</u>
		9,657,739	2,036,310
Interest payable and similar expenses	6	<u>1,916,104</u>	<u>1,767,246</u>
PROFIT BEFORE TAXATION		7,741,635	269,064
Tax on profit	7	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		<u>7,741,635</u>	<u>269,064</u>
Profit attributable to:			
Owners of the parent		<u>7,741,635</u>	<u>269,064</u>

The notes form part of these financial statements

CONSOLIDATED OTHER COMPREHENSIVE INCOME
for the Year Ended 31 March 2019

Notes	31.3.19 £	31.3.18 £
PROFIT FOR THE YEAR	7,741,635	269,064
OTHER COMPREHENSIVE INCOME		
Release of deferred tax on revaluation	-	1,882,023
Transfer to Unrealised revenue reserve	-	(1,882,023)
Income tax relating to components of other comprehensive income	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>7,741,635</u>	<u>269,064</u>
Total comprehensive income attributable to: Owners of the parent	<u>7,741,635</u>	<u>269,064</u>

CONSOLIDATED BALANCE SHEET
31 March 2019

	Notes	31.3.19 £	£	31.3.18 £	£
FIXED ASSETS					
Tangible assets	10	96,193,241		96,541,130	
Investments	11		-		-
		<u>96,193,241</u>		<u>96,541,130</u>	
CURRENT ASSETS					
Stocks	12	377,926		408,430	
Debtors: amounts falling due within one year	13	1,805,525		1,190,494	
Cash at bank and in hand		<u>1,613,742</u>		<u>496,749</u>	
		3,797,193		2,095,673	
CREDITORS					
Amounts falling due within one year	14	<u>7,261,107</u>		<u>7,602,743</u>	
NET CURRENT LIABILITIES			<u>(3,463,914)</u>		<u>(5,507,070)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			92,729,327		91,034,060
CREDITORS					
Amounts falling due after more than one year	15	<u>88,835,204</u>		<u>94,881,572</u>	
NET ASSETS/(LIABILITIES)			<u><u>3,894,123</u></u>		<u><u>(3,847,512)</u></u>
CAPITAL AND RESERVES					
Called up share capital	19		110		110
Share premium	20		5,412,490		5,412,490
Unrealised revenue reserves	20		11,070,727		11,070,727
Unrealised other reserves	20		10,393,484		2,868,686
Retained earnings	20		<u>(22,982,688)</u>		<u>(23,199,525)</u>
SHAREHOLDERS' FUNDS			<u><u>3,894,123</u></u>		<u><u>(3,847,512)</u></u>

The financial statements were approved by the Board of Directors on 24 September 2019 and were signed on its behalf by:

G C Bateman - Director

COMPANY BALANCE SHEET
31 March 2019

	Notes	31.3.19 £	£	31.3.18 £	£
FIXED ASSETS					
Tangible assets	10		24,416		23,620
Investments	11		<u>52,750,400</u>		<u>52,750,400</u>
			52,774,816		52,774,020
CURRENT ASSETS					
Debtors: amounts falling due within one year	13	2,049		1,908	
Debtors: amounts falling due after more than one year	13	40,112,150		39,934,902	
Cash at bank		<u>513,286</u>		<u>27,113</u>	
		40,627,485		39,963,923	
CREDITORS					
Amounts falling due within one year	14	<u>668,345</u>		<u>1,155,502</u>	
NET CURRENT ASSETS			<u>39,959,140</u>		<u>38,808,421</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			92,733,956		91,582,441
CREDITORS					
Amounts falling due after more than one year	15		<u>88,816,172</u>		<u>94,860,449</u>
NET ASSETS/(LIABILITIES)			<u><u>3,917,784</u></u>		<u><u>(3,278,008)</u></u>
CAPITAL AND RESERVES					
Called up share capital	19		110		110
Share premium	20		5,412,490		5,412,490
Unrealised other reserves	20		10,393,484		2,868,686
Retained earnings	20		<u>(11,888,300)</u>		<u>(11,559,294)</u>
SHAREHOLDERS' FUNDS			<u><u>3,917,784</u></u>		<u><u>(3,278,008)</u></u>
Company's profit/(loss) for the financial year			<u>7,195,792</u>		<u>(60,773)</u>

The financial statements were approved by the Board of Directors on 24 September 2019 and were signed on its behalf by:

G C Bateman - Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 March 2019

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 April 2017	110	(23,627,336)	5,412,490
Changes in equity			
Total comprehensive income	-	427,811	-
Balance at 31 March 2018	110	(23,199,525)	5,412,490
Changes in equity			
Total comprehensive income	-	216,837	-
Balance at 31 March 2019	110	(22,982,688)	5,412,490
	Unrealised revenue reserves £	Unrealised other reserves £	Total equity £
Balance at 1 April 2017	9,188,704	3,027,433	(5,998,599)
Changes in equity			
Total comprehensive income	1,882,023	(158,747)	2,151,087
Balance at 31 March 2018	11,070,727	2,868,686	(3,847,512)
Changes in equity			
Total comprehensive income	-	7,524,798	7,741,635
Balance at 31 March 2019	11,070,727	10,393,484	3,894,123

The notes form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 March 2019

	Called up share capital £	Retained earnings £	Share premium £	Unrealised other reserves £	Total equity £
Balance at 1 April 2017	110	(11,657,268)	5,412,490	3,027,433	(3,217,235)
Changes in equity					
Total comprehensive income	-	97,974	-	(158,747)	(60,773)
Balance at 31 March 2018	110	(11,559,294)	5,412,490	2,868,686	(3,278,008)
Changes in equity					
Total comprehensive income	-	(329,006)	-	7,524,798	7,195,792
Balance at 31 March 2019	110	(11,888,300)	5,412,490	10,393,484	3,917,784

The notes form part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 March 2019

	Notes	31.3.19 £	31.3.18 £
Cash flows from operating activities			
Cash generated from operations	1	3,777,847	4,343,483
Interest paid		<u>(1,916,104)</u>	<u>(1,767,246)</u>
Net cash from operating activities		<u>1,861,743</u>	<u>2,576,237</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,742,243)	(1,754,846)
Sale of tangible fixed assets		<u>9,620</u>	<u>3,849</u>
Net cash from investing activities		<u>(1,732,623)</u>	<u>(1,750,997)</u>
Cash flows from financing activities			
New loans in the year		1,500,000	-
Loan repayments in the year		(500,000)	(1,000,000)
Decrease in amount owed to parent		(7,544,278)	116,234
Net Present Value of Long Term Loan		7,524,798	(158,747)
Capital repayments in year		<u>7,353</u>	<u>(17,565)</u>
Net cash from financing activities		<u>987,873</u>	<u>(1,060,078)</u>
Increase/(decrease) in cash and cash equivalents		<u>1,116,993</u>	<u>(234,838)</u>
Cash and cash equivalents at beginning of year	2	496,749	731,587
Cash and cash equivalents at end of year	2	<u>1,613,742</u>	<u>496,749</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 March 2019

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.3.19	31.3.18
	£	£
Profit before taxation	7,741,635	269,064
Depreciation charges	2,090,133	1,987,376
Profit on disposal of fixed assets	(9,620)	(2,102)
Finance costs	1,916,104	1,767,246
Finance income	<u>(7,524,798)</u>	<u>158,747</u>
	4,213,454	4,180,331
Decrease/(increase) in stocks	30,504	(19,365)
Increase in trade and other debtors	(615,031)	(197,898)
Increase in trade and other creditors	<u>148,920</u>	<u>380,415</u>
Cash generated from operations	<u><u>3,777,847</u></u>	<u><u>4,343,483</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2019

	31.3.19	1.4.18
	£	£
Cash and cash equivalents	<u>1,613,742</u>	<u>496,749</u>

Year ended 31 March 2018

	31.3.18	1.4.17
	£	£
Cash and cash equivalents	<u>496,749</u>	<u>731,587</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 March 2019**

1. STATUTORY INFORMATION

Elite Hotels (Rotherwick) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The consolidated accounts incorporate the accounts of the company and those of its subsidiaries, all of which are made up to 31 March 2019.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Following the adoption of FRS102 the directors adopted the cost model for tangible fixed assets as detailed in the accounting policy note. An impairment review was undertaken in which projected sales were used to estimate the net present value of future cash flows, in order to predict the future value of the companies to assess if an impairment was required. The projections used were reviewed and found to be reasonable.

Turnover

Turnover represents income from hotel and restaurant operations, excluding value added tax and is recognised on provision of the related service.

Revenue is recognised on completion of the service provided.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2019

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Integral plant & machinery	- 5% on cost
Fixtures, fittings & equipment	- Straight line between 3 and 8 years
Motor vehicles	- 30% on reducing balance

Following the adoption of FRS102 the directors have adopted the cost model for tangible fixed assets.

Depreciation is provided on freehold land and buildings at 0% per annum on the basis that the hotels are historical buildings, hence the useful economic life cannot be reasonably estimated. Additionally the directors' opinion is that the residual value of the properties are so high that any depreciation charge would be negligible and immaterial. This is in accordance with accounting standard FRS 102. The directors have considered the value of the properties, in light of the recent valuation, and do not believe any impairment to the value included in the financial statements is necessary.

The directors deem that fixtures and fittings are disposed of over a range of three to eight years, dependant on the estimated useful life, and so at the end of this period a disposal is included to remove the accumulated cost and depreciation from the financial statements.

Stocks

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

Financial instruments

A financial asset or liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, when it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2019

2. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Investments

Investments are stated at original cost less any impairments.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	31.3.19	31.3.18
	£	£
Accommodation	15,229,140	14,697,962
Food & beverages	16,890,340	16,619,599
Non-bedroom room hire	2,036,849	1,991,809
Leisure & spa	3,654,191	3,555,031
	<u>37,810,520</u>	<u>36,864,401</u>

4. EMPLOYEES AND DIRECTORS

	31.3.19	31.3.18
	£	£
Wages and salaries	15,687,147	15,331,446
Social security costs	1,053,339	1,064,160
Other pension costs	228,638	189,316
	<u>16,969,124</u>	<u>16,584,922</u>

The average number of employees during the year was as follows:

	31.3.19	31.3.18
Hotel services and catering staff	915	932
Management and administration	143	123
	<u>1,058</u>	<u>1,055</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2019

4. EMPLOYEES AND DIRECTORS - continued

	31.3.19	31.3.18
	£	£
Directors' remuneration	<u>433,794</u>	<u>338,206</u>

Information regarding the highest paid director is as follows:

	31.3.19	31.3.18
	£	£
Emoluments etc	<u>199,821</u>	<u>153,672</u>

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	31.3.19	31.3.18
	£	£
Hire of plant and machinery	60,361	57,774
Other operating leases	51,649	52,230
Depreciation - owned assets	2,075,502	1,978,442
Depreciation - assets on hire purchase contracts	14,630	8,934
Profit on disposal of fixed assets	(9,620)	(2,102)
Auditors' remuneration	10,300	10,000
Auditors' remuneration for subsidiaries	81,200	99,851
Direct operating expenses	<u>7,069,980</u>	<u>7,123,395</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.3.19	31.3.18
	£	£
Bank interest	4,078	19,366
Bank loan interest	1,802,126	1,631,880
Loan arrangement fees	<u>109,900</u>	<u>116,000</u>
	<u>1,916,104</u>	<u>1,767,246</u>

7. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 March 2019 nor for the year ended 31 March 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2019

7. TAXATION - continued**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.3.19 £	31.3.18 £
Profit before tax	<u>7,741,635</u>	<u>269,064</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	1,470,911	51,122
Effects of:		
Expenses not deductible for tax purposes	6,926	-
Capital allowances in excess of depreciation	(46,792)	(57,932)
Utilisation of tax losses	(162,303)	(235,758)
Non-trading loan relationship interest	-	336,583
Utilisation of non-trade deficits brought forward	(15,110)	(130,421)
Losses carried forward	174,289	9,513
(Profit)/loss on disposal of assets	(1,805)	(399)
Present value adjustment	(1,429,712)	30,162
Pension contributions outstanding	3,596	(2,870)
Total tax charge	<u>-</u>	<u>-</u>

Tax effects relating to effects of other comprehensive income

There were no tax effects for the year ended 31 March 2019.

	Gross £	31.3.18 Tax £	Net £
Release of deferred tax on revaluation	1,882,023	-	1,882,023
Transfer to Unrealised revenue reserve	<u>(1,882,023)</u>	<u>-</u>	<u>(1,882,023)</u>
	<u>-</u>	<u>-</u>	<u>-</u>

8. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

9. PRIOR YEAR ADJUSTMENT

Deferred tax had previously been provided on revalued hotels which is not relevant under current legislation if the hotels were sold at the revalued figure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2019

10. TANGIBLE FIXED ASSETS**Group**

	Freehold property £	Integral plant & machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Totals £
COST					
At 1 April 2018	83,047,943	21,478,695	5,586,677	448,157	110,561,472
Additions	151,119	245,435	1,275,962	69,727	1,742,243
Disposals	-	-	(560,581)	-	(560,581)
At 31 March 2019	83,199,062	21,724,130	6,302,058	517,884	111,743,134
DEPRECIATION					
At 1 April 2018	-	11,078,355	2,567,032	374,955	14,020,342
Charge for year	-	1,086,206	961,048	42,878	2,090,132
Eliminated on disposal	-	-	(560,581)	-	(560,581)
At 31 March 2019	-	12,164,561	2,967,499	417,833	15,549,893
NET BOOK VALUE					
At 31 March 2019	83,199,062	9,559,569	3,334,559	100,051	96,193,241
At 31 March 2018	83,047,943	10,400,340	3,019,645	73,202	96,541,130

The group's freehold land & buildings together with the fixtures, fittings & equipment were revalued on an open market basis at £113,600,000 in July 2018 by Christie & Co, Chartered Surveyors. The freehold land & building are held at deemed cost, following the adoption of FRS102 in 2016. In the opinion of the directors, as the open market value exceeds this deemed cost, no impairment of freehold land & buildings is necessary.

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Fixtures, fittings & equipment £
COST	
At 1 April 2018	77,734
Additions	28,481
At 31 March 2019	106,215
DEPRECIATION	
At 1 April 2018	26,802
Charge for year	14,630
At 31 March 2019	41,432
NET BOOK VALUE	
At 31 March 2019	64,783
At 31 March 2018	50,932

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2019

10. TANGIBLE FIXED ASSETS - continued

Company

	Fixtures, fittings & equipment £	Motor vehicles £	Totals £
COST			
At 1 April 2018	6,391	40,630	47,021
Additions	-	11,495	11,495
At 31 March 2019	<u>6,391</u>	<u>52,125</u>	<u>58,516</u>
DEPRECIATION			
At 1 April 2018	2,680	20,721	23,401
Charge for year	1,278	9,421	10,699
At 31 March 2019	<u>3,958</u>	<u>30,142</u>	<u>34,100</u>
NET BOOK VALUE			
At 31 March 2019	<u>2,433</u>	<u>21,983</u>	<u>24,416</u>
At 31 March 2018	<u>3,711</u>	<u>19,909</u>	<u>23,620</u>

11. FIXED ASSET INVESTMENTS

Company

	Unlisted investments £
COST	
At 1 April 2018 and 31 March 2019	<u>52,750,400</u>
NET BOOK VALUE	
At 31 March 2019	<u>52,750,400</u>
At 31 March 2018	<u>52,750,400</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2019

11. FIXED ASSET INVESTMENTS - continued

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Luton Hoo Park Limited

Registered office: Ashdown Park, Wych Cross, Forest Row, East Sussex, RH18 5JR

Nature of business: Hotel and leisure

	% holding	31.3.19	31.3.18
Class of shares:			
Ordinary	100.00	£	£
Aggregate capital and reserves		24,328,661	24,553,733
Loss for the year		(225,072)	(686,403)

The Grand Hotel (Eastbourne)

Registered office: Ashdown Park, Wych Cross, Forest Row, East Sussex, RH18 5JR

Nature of business: Hotel and leisure

	% holding	31.3.19	31.3.18
Class of shares:			
Ordinary	100.00	£	£
Aggregate capital and reserves		3,704,724	2,802,212
Profit for the year		902,512	757,181

Tylney Hall Hotel Limited

Registered office: Ashdown Park, Wych Cross, Forest Row, East Sussex, RH18 5JR

Nature of business: Hotel and leisure

	% holding	31.3.19	31.3.18
Class of shares:			
Ordinary	100.00	£	£
Aggregate capital and reserves		16,100,615	15,975,298
Profit for the year		125,317	252,162

Ashdown Park (Sussex) Limited

Registered office: Ashdown Park, Wych Cross, Forest Row, East Sussex, RH18 5JR

Nature of business: Hotel and leisure

	% holding	31.3.19	31.3.18
Class of shares:			
Ordinary	100.00	£	£
Aggregate capital and reserves		8,592,736	8,849,652
(Loss)/profit for the year		(256,916)	6,897

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2019

12. STOCKS

	Group	
	31.3.19	31.3.18
	£	£
Goods for resale and raw materials	<u>377,926</u>	<u>408,430</u>

13. DEBTORS

	Group		Company	
	31.3.19	31.3.18	31.3.19	31.3.18
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	590,442	558,636	-	-
Other debtors	586,722	595	736	595
VAT	215,281	254,139	-	-
Prepayments and accrued income	<u>413,080</u>	<u>377,124</u>	<u>1,313</u>	<u>1,313</u>
	<u>1,805,525</u>	<u>1,190,494</u>	<u>2,049</u>	<u>1,908</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	40,112,150	39,934,902
Aggregate amounts	<u>1,805,525</u>	<u>1,190,494</u>	<u>40,114,199</u>	<u>39,936,810</u>

Company

Elite Hotels (Rotherwick) Limited have losses carried forward in the order of £27.7m. There is no expectation that these losses will be utilised in the foreseeable future and so the potential deferred tax asset of £4.7m has not been recognised.

Group

The group has unutilised losses of £43.79 million on which a deferred tax asset could potentially arise of £7.1 million. However, this potential asset has not been recognised due to the uncertainty of its recoverability in the foreseeable future.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.3.19	31.3.18	31.3.19	31.3.18
	£	£	£	£
Bank loans and overdrafts (see note 16)	-	500,000	-	500,000
Hire purchase contracts (see note 17)	27,138	17,694	-	-
Trade creditors	1,761,699	2,047,057	-	-
Social security and other taxes	247,135	241,154	25,388	17,796
Other creditors	4,051,582	3,918,166	525,535	518,457
Accruals and deferred income	178,507	-	-	-
Accrued expenses	<u>995,046</u>	<u>878,672</u>	<u>117,422</u>	<u>119,249</u>
	<u>7,261,107</u>	<u>7,602,743</u>	<u>668,345</u>	<u>1,155,502</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2019

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	31.3.19	31.3.18	31.3.19	31.3.18
	£	£	£	£
Bank loans (see note 16)	52,750,000	51,250,000	52,750,000	51,250,000
Hire purchase contracts (see note 17)	19,032	21,123	-	-
Amounts owed to group undertakings	36,066,172	43,610,449	36,066,172	43,610,449
	<u>88,835,204</u>	<u>94,881,572</u>	<u>88,816,172</u>	<u>94,860,449</u>

The movements on the 'Amounts owed to group undertakings' balance has arisen due to the net present value adjustment, in which the amount was discounted using a commercial rate of interest over the period in which it is due to be repaid.

The balance is owed to the immediate parent company West Indies Investments Limited and will not be demanded for repayment until the earlier of 30 September 2024 or 5 Years and 1 day from the date of the audit report.

16. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	31.3.19	31.3.18	31.3.19	31.3.18
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>52,750,000</u>	<u>50,250,000</u>	<u>52,750,000</u>	<u>50,250,000</u>

During the year the company entered into a new loan agreement with HSBC altering the repayment terms and additionally granting the company access to a further £3.7M Revolving Credit Facility (RCF), of which £2.2M remained available at balance sheet date. The interest rate payable on the main facility and RCF are LIBOR + 2.75% and LIBOR + 3.25% respectively. An additional commitment fee is charged on the undrawn balance of the RCF at a rate of 1.625%.

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group	Hire purchase contracts	
	31.3.19	31.3.18
	£	£
Net obligations repayable:		
Within one year	27,138	17,694
Between one and five years	<u>19,032</u>	<u>21,123</u>
	<u>46,170</u>	<u>38,817</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2019

18. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	31.3.19	31.3.18	31.3.19	31.3.18
	£	£	£	£
Bank loans	52,750,000	51,750,000	52,750,000	51,750,000

There is a first legal charge over the freehold properties known as Tylney Hall Hotel, Ashdown Park Hotel, The Grand Hotel (Eastbourne) and Luton Hoo Park Hotel and a fixed charge over the book debts of the group in favour of the HSBC Bank Plc. In addition the bank has a floating charge over the remainder of the group's assets.

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.3.19	31.3.18 as restated
			£	£
110	Ordinary	£1	<u>110</u>	<u>110</u>

20. RESERVES

Group

	Retained earnings £	Share premium £	Unrealised revenue reserves £	Unrealised other reserves £	Totals £
At 1 April 2018	(23,199,525)	5,412,490	11,070,727	2,868,686	(3,847,622)
Profit for the year	7,741,635				7,741,635
Present value adjustment	(7,524,798)	-	-	7,524,798	-
At 31 March 2019	<u>(22,982,688)</u>	<u>5,412,490</u>	<u>11,070,727</u>	<u>10,393,484</u>	<u>3,894,013</u>

Company

	Retained earnings £	Share premium £	Unrealised other reserves £	Totals £
At 1 April 2018	(11,559,294)	5,412,490	2,868,686	(3,278,118)
Profit for the year	7,195,792			7,195,792
Present value adjustment	(7,524,798)	-	7,524,798	-
At 31 March 2019	<u>(11,888,300)</u>	<u>5,412,490</u>	<u>10,393,484</u>	<u>3,917,674</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2019**

20. RESERVES - continued

Group unrealised revenue reserves relates to the historic revaluation of freehold properties less attributable deferred tax provision arising thereon.

Unrealised other reserves relate to the restatement of the long term creditor onto a net present value basis.

21. PENSION COMMITMENTS

The group operates a defined contribution pension scheme.

The total contributions for the year ended 31 March 2019 were £250,390 (2018: £207,546). At 31 March 2019 there were outstanding contributions of £67,323 (2018: £48,392). Included in the above there are 3 directors (2018: 3) who are members of the scheme.

The contributions for the year ended 31 March 2019 for the highest paid director were £12,532 (2018: £9,735).

22. PARENT UNDERTAKING

The ultimate parent undertaking is the Incorporated Trustees of the Rotherwick Foundation, a UK registered charity.

The immediate parent company is West Indies Investments Limited, a company incorporated in Guernsey.

23. CONTINGENT LIABILITIES

The company's bankers, HSBC Bank Plc. hold unlimited cross guarantees between Elite Hotels (Rotherwick) Limited and its wholly owned subsidiaries.

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