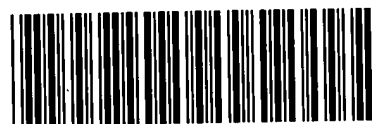


Company Registration No. 01969994 (England and Wales)

**BROCKENCOTE HALL HOTEL LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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# BROCKENCOTE HALL HOTEL LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Sir Peter Rigby Mr M Chambers
<b>Company number</b>	01969994
<b>Registered office</b>	Mallory Court Hotel Harbury Lane Bishops Tachbrook Leamington Spa Warwickshire Uk CV33 9QB
<b>Auditor</b>	Ormerod Rutter Limited The Oakley Kidderminster Road Droitwich Worcestershire WR9 9AY

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# **BROCKENCOTE HALL HOTEL LIMITED**

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# BROCKENCOTE HALL HOTEL LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2018

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The directors present their annual report and financial statements for the year ended 31 March 2018.

#### Principal activities

The principal activity of the company is the ownership, management and operation of Brockencote Hall Hotel, a 21 bedroom country manor house hotel set in 70 acres of parkland, with a lake, located in Worcestershire. The hotel has established itself as one of the finest luxury hotels and restaurants in Worcestershire and has won a host of awards.

#### Review of business

The company is a subsidiary of Eden Hotel Collection Limited ("EHC"), a group consisting of a portfolio of nine luxury sites across the Midlands, Cotswolds & South West, with a total of 254 hotel bedrooms and 22 three bedroom lodges.

- Bovey Castle Estate, Dartmoor
- Mallory Court Country House Hotel & Spa, Royal Leamington Spa
- Arden Hotel, Stratford-upon-Avon
- Arden House - Stratford-upon-Avon
- Brockencote Hall, Chaddesley Corbett
- The Greenway Hotel & Spa, Cheltenham
- The Mount Somerset Hotel & Spa, Near Taunton
- The Kings Hotel - Chipping Campden
- Buckland Tout-Saints - Kingsbridge

Multi award winning, EHC is widely recognised as one of UK's Top 5 privately owned group of luxury boutique hotel operators. The collection sits in the traditional hotels sector and dominates the 4 & 5 red star market. EHC operates within the non-branded core hotel, restaurant and spa space with notable affiliates being Small Luxury Hotels of the World, Pride of Britain and Relais & Chateaux. The business operates across the leisure, corporate, M&E markets and, without exception, ranks in local and regional territories as 'best in class'. A leading operator of weddings, both local and destination, makes the group a stand out performer in this space, whilst excellence around food is a cornerstone of the business, as is the luxury spa brand 'Elan' which now operates at 4 key locations.

During the year EHC launched the new spa and bedrooms at Mallory Court and completed the final bedroom refurbishments at Bovey Castle. It has concentrated on increasing market share in local territories and internally delivered an enhanced benefits package as human resourcing continues to dominate the sector. EHC received an apprenticeships award for its '**Chef Academy**' and plans to launch its '**Spa Academy**' in FY19, whilst reputationally has continued to deliver excellence around hospitality and service and has been recognised as such with a clutch of independent, consumer and industry awards & accolades. Most hotels now have 3 AA rosettes for food excellence with The Kings, Greenway Hotel and Mallory Court all joining the roll of honour this year and sets the collections overall tally at 23. Further 4 AA red stars have been also awarded to The Greenway Hotel & Spa.

EHC is a subsidiary of Rigby Group (RG) plc ("Rigby Group"). Rigby Group is the parent company for a portfolio of family-owned and highly successful businesses operating across Europe and the Middle East. Diversifying from its origins as a principally technology-led business, Rigby Group plc has evolved across the last 42 years - through smart, strategic acquisitions - into a British success story with over 7,500 employees. Rigby Group comprises six divisions: Technology, Airports, Hotels, Real Estate, Aviation and Finance. Rigby Group is a values-led business built around five core principles: operational excellence, independent thinking, building partnerships, working with passion and caring for its stakeholders. Further information is available at [www.rigbygroupplc.com](http://www.rigbygroupplc.com).

The company saw turnover decrease by £67,000 to £1,964,000 in 2018 with operating profit reduced by £29,000 to £57,000. The reduction in operating profit came from the decision to abort and expense development costs on a proposed expansion to facilities, without which one off cost profits would have been maintained.

The directors anticipate that the performance of the company will improve in the foreseeable future as best practice is shared across the group.

# **BROCKENCOTE HALL HOTEL LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 MARCH 2018**

---

As at 31st March 2018 the company had net assets of £3,893,000, an increase of £34,000 from the prior year end.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Sir Peter Rigby  
Mr M Chambers

#### **Results and dividends**

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Principal risks and uncertainties**

The company and group consider all major risks and mitigating options.

#### **Currency**

The company has very limited direct exposure to currency risk, but recognises the potential macro-economic risk to both customer and supply chain.

#### **Credit**

The company has limited exposure to credit risk with very low levels of credit granted. Where appropriate deposits are taken and guarantees held.

#### **Interest Rate**

The group has a single bank loan tracked against LIBOR, the costs of which are included within the allocation of central administrative overhead. A movement of 0.25% in the LIBOR rate would incur an additional £22,500 of total cost, so short term fluctuations are not considered a significant risk. Again the company recognises the potential macro-economic risk, particularly to customer.

#### **Commercial - Supply Chain**

The company utilises a number of key suppliers without creating any specific dependency. The supply marketplace is very competitive and alternatives are available and a change would involve, at worst, only limited disruption.

#### **Commercial - Economic**

The marketplace for the company is very sensitive to customer confidence and spending levels as it generally involves some element of discretionary spend. At both an individual and group level, a diverse range of markets are targeted to reduce the risk within any particular segment.

#### **Commercial - Competition**

The company and group operate in an extremely competitive environment with new entrants threatening revenues and oversupply a risk, either overall or seasonally. The Eden Hotel and Elan Spa brands provide a differentiator and the group expends significant resources to ensure they are synonymous with quality and high standards. Investment made in people, with recruitment and training to deliver exceptional service, as well as in the product, with a program of large and small refurbishment across the group.

#### **Auditor**

The auditors, Ormerod Rutter Limited, will be proposed for re-appointment in accordance with Section 487(2) of the Companies Act 2006.

# **BROCKENCOTE HALL HOTEL LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2018**

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### **Statement of directors' responsibilities**

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

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

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

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

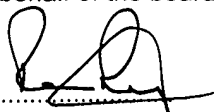
### **Strategic report exemption**

The company has taken advantage of the small companies exemption not to prepare a strategic report in accordance with Part 15 of the Companies Act 2006.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



.....  
Sir Peter Rigby

Director

8/11/18.....

# **BROCKENCOTE HALL HOTEL LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBER OF BROCKENCOTE HALL HOTEL LIMITED**

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#### **Opinion**

We have audited the financial statements of Brockencote Hall Hotel Limited (the 'company') for the year ended 31 March 2018 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its 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 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.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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 our audit:

- the information given in the strategic report and the directors' report for the financial year 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.

# **BROCKENCOTE HALL HOTEL LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBER OF BROCKENCOTE HALL HOTEL LIMITED**

---

#### **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 where 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, 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: <http://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.

*Ormerod Rutter Ltd*

**Colm McGrory FCA (Senior Statutory Auditor)**  
for and on behalf of Ormerod Rutter Limited

*9/11/18*

**Chartered Accountants**  
**Statutory Auditor**

The Oakley  
Kidderminster Road  
Droitwich  
Worcestershire  
WR9 9AY



# **BROCKENCOTE HALL HOTEL LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018**

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	Notes	2018 £	2017 £
Turnover	3	1,963,848	2,030,957
Cost of sales		(1,204,760)	(1,254,943)
<b>Gross profit</b>		<u>759,088</u>	<u>776,014</u>
Administrative expenses		(702,245)	(690,055)
<b>Profit before taxation</b>		<u>56,843</u>	<u>85,959</u>
Tax on profit	8	(22,950)	(18,377)
<b>Profit for the financial year</b>		<u><u>33,893</u></u>	<u><u>67,582</u></u>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

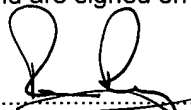
# BROCKENCOTE HALL HOTEL LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Tangible assets	9		4,061,782		4,148,445
<b>Current assets</b>					
Stocks	10	28,588		25,993	
Debtors	11	309,436		223,414	
Cash at bank and in hand		78,709		135,900	
			416,733		385,307
<b>Creditors: amounts falling due within one year</b>	12		(563,250)		(643,602)
<b>Net current liabilities</b>			(146,517)		(258,295)
<b>Total assets less current liabilities</b>			3,915,265		3,890,150
<b>Provisions for liabilities</b>	14		(21,936)		(30,714)
<b>Net assets</b>			3,893,329		3,859,436
<b>Capital and reserves</b>					
Called up share capital	17	1,150,000		1,150,000	
Share premium account		100,000		100,000	
Non-distributable reserves	18	1,397,199		1,404,328	
Profit and loss reserves		1,246,130		1,205,108	
<b>Total equity</b>			3,893,329		3,859,436

The financial statements were approved by the board of directors and authorised for issue on 8/11/18 and are signed on its behalf by:



Sir Peter Rigby  
Director

Company Registration No. 01969994

# BROCKENCOTE HALL HOTEL LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Share capital £	Share premium account £	Non- distributable reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 April 2016</b>	1,150,000	100,000	1,411,457	1,130,397	3,791,854
<b>Year ended 31 March 2017:</b>					
Profit and total comprehensive income for the year	-	-	-	67,582	67,582
Transfer of depreciation in excess of historical costs	-	-	(7,129)	7,129	-
<b>Balance at 31 March 2017</b>	1,150,000	100,000	1,404,328	1,205,108	3,859,436
<b>Year ended 31 March 2018:</b>					
Profit and total comprehensive income for the year	-	-	-	33,893	33,893
Transfer of depreciation in excess of historical cost	-	-	(7,129)	7,129	-
<b>Balance at 31 March 2018</b>	1,150,000	100,000	1,397,199	1,246,130	3,893,329

# **BROCKENCOTE HALL HOTEL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2018**

---

### **1 Accounting policies**

#### **Company information**

Brockencote Hall Hotel Limited is a private company limited by shares incorporated in England and Wales under Companies Act 2006.

The registered office is Mallory Court Hotel, Harbury Lane, Bishops Tachbrook, Leamington Spa, Warwickshire, UK, CV33 9QB.

The principal place of business is Brockencote Hall Hotel, Chaddesley Corbett, Kidderminster, Worcestershire, DY10 4PY.

The nature of the group's operations and its principal activities are set out in the Directors Report on pages 1 to 3.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The functional currency of Brockencote Hall Hotel Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

Brockencote Hall Hotel Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to related party transactions with wholly owned group companies, share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

The financial statements of the company are consolidated in the financial statements of Eden Hotel Collection Limited. These consolidated financial statements are available from its registered office, Harbury Lane, Bishops Tachbrook, Leamington Spa, Warwickshire, CV33 9QB.

#### **1.2 Going concern**

The accounts have been prepared on a going concern basis which the directors consider appropriate. The company relies on support from the parent company, Eden Hotel Collection Limited, which is considered to be available for the foreseeable future and for at least the next twelve months from the date of approval of the accounts. Should the going concern basis not be applicable adjustments would have to be made to reduce assets to their recoverable amounts and reclassify long term liabilities as short term liabilities.

#### **1.3 Turnover**

Revenue is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer.

Revenue from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

#### **1.4 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

# BROCKENCOTE HALL HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold buildings:

- Land - not depreciated
- Structural buildings - over 200 years
- Ancillary buildings - over 50 years

Fixtures and equipment:

- Fixtures - over 10 years
- Furniture - over 5 years
- Plant - over 10 years
- Small equipment - over 5 years
- Computer equipment - over 4 years

Motor vehicles - over 4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Assets under construction represents on-going construction costs of freehold buildings and fixtures and fittings not yet completed. Such costs will be transferred to either freehold buildings or fixtures and fittings upon completion. Assets under construction are not depreciated as they are not available for use until they have been completed.

On transition to FRS 102, in accordance with Section 35 of FRS 102, the company elected to measure items of property, plant and equipment on the date of transition to this FRS at its fair value and use that fair value as its deemed cost at that date.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

# **BROCKENCOTE HALL HOTEL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2018**

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### **1 Accounting policies**

**(Continued)**

#### **1.6 Stocks**

Stocks held for resale are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow-moving or defective items where appropriate.

#### **1.7 Cash and cash equivalents**

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### **1.8 Financial instruments**

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

# BROCKENCOTE HALL HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 1 Accounting policies

(Continued)

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- a. The contractual return to the holder is:
  - i. a fixed amount;
  - ii. a positive fixed rate or a positive variable rate; or
  - iii. a combination of a positive or a negative fixed rate and a positive variable rate.
- b. The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- c. The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that:
  - i. the new rate satisfies condition (a) and the variation is not contingent on future events other than:
    1. a change of a contractual variable rate;
    2. to protect the holder against credit deterioration of the issuer;
    3. changes in levies applied by a central bank or arising from changes in relevant taxation or law; or
  - ii. the new rate is a market rate of interest and satisfies condition (a).
- d. There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- e. Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- f. Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when:

- a. the contractual rights to the cash flows from the financial asset expire or are settled;
- b. the group transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- c. the group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

# BROCKENCOTE HALL HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

---

### 1 Accounting policies

(Continued)

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

#### 1.9 Redeemable preference shares

Preference shares which are redeemable on a specific date or at the option of the shareholder, or which carry non-discretionary dividend obligations, are classified as liabilities. The dividends on these preference shares are taken to the income statement as interest expense.

#### 1.10 Equity instruments

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

#### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) 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 where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.



# BROCKENCOTE HALL HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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### 1 Accounting policies

(Continued)

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### 1.12 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

#### 1.13 Retirement benefits

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### *Depreciation of tangible fixed assets*

The carrying value of tangible fixed assets is dependent on both the annual depreciation charge and any provisions for impairment.

The annual depreciation charge for tangible fixed assets is sensitive to changes in useful economic lives, which are reassessed annually, is based on physical condition, economic utilisation, schedule of repairs and renovation and, where relevant, technical advancements.

Management perform an annual assessment for impairment on tangible fixed assets, which includes consideration of the current estimation of the market value of the hotel as a whole, the economic utilisation of individually material assets and the feasibility of completing ongoing capital projects whose costs are held within assets under construction at the year end.

The accounting policies for depreciation of tangible fixed assets can be found in note 1 and the carrying value of tangible fixed assets can be found in note 9.

# BROCKENCOTE HALL HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 3 Turnover

	2018 £	2017 £
Sale of goods	1,380,958	1,429,188
Rendering of services	582,890	601,769
	<u>1,963,848</u>	<u>2,030,957</u>

### 4 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	96,275	90,247
Cost of stocks recognised as an expense	403,485	428,194
	<u>499,760</u>	<u>518,441</u>

### 5 Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	3,065	2,507
<b>For other services</b>		
All other non-audit services	-	55
	<u>3,065</u>	<u>2,562</u>

### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018 Number	2017 Number
Hotel staff	43	45
	<u>43</u>	<u>45</u>

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	712,828	738,132
Social security costs	50,328	53,042
Pension costs	3,475	3,514
	<u>766,631</u>	<u>794,688</u>

# BROCKENCOTE HALL HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 7 Directors' remuneration

Mark Chambers did not receive any remuneration for his qualifying services to the company. The total emoluments for Mark Chambers are included in the directors' emoluments of Eden Hotel Collection Limited.

Sir Peter Rigby did not receive any remuneration for his qualifying services to the company. The total emoluments for Sir Peter Rigby are included in the directors' emoluments of Rigby Group (RG) plc.

### 8 Taxation

	2018 £	2017 £
<b>Current tax</b>		
Group relief compensation payable to group companies	32,167	30,720
Adjustments to prior period group relief compensation	(439)	(48)
	<u>31,728</u>	<u>30,672</u>
Total current tax	31,728	30,672
<b>Deferred tax</b>		
Origination and reversal of timing differences	(10,123)	(9,189)
Effect of increase in tax rate on opening provision	1,065	(3,154)
Adjustments to measurement of prior year provision	280	48
	<u>(8,778)</u>	<u>(12,295)</u>
Total deferred tax	(8,778)	(12,295)
Total tax charge	<u>22,950</u>	<u>18,377</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	<u>56,843</u>	<u>85,959</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	10,800	17,192
Tax effect of expenses that are not deductible in determining taxable profit	11,244	4,341
Under/(over) provided in prior years	(159)	(2)
Effect of corporation tax rate change on deferred tax	1,065	(3,154)
	<u>22,950</u>	<u>18,377</u>
Taxation charge for the year	22,950	18,377

# BROCKENCOTE HALL HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 8 Taxation

(Continued)

#### Factors that may affect future tax charges

The standard rate of Corporation Tax in the UK changed from 20% to 19% with effect from 1 April 2017.

In accordance with the Finance Act 2016, the UK corporation tax rate will reduce to 17% from 1 April 2020. As these changes had been substantively enacted at the Balance sheet date they are reflected in these financial statements.

### 9 Tangible fixed assets

	Freehold land and buildings £	Assets under construction £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 April 2017	3,850,733	106,361	465,037	4,422,131
Additions	-	9,612	-	9,612
Transfers	-	(28,133)	28,133	-
At 31 March 2018	3,850,733	87,840	493,170	4,431,743
<b>Depreciation and impairment</b>				
At 1 April 2017	65,112	-	208,574	273,686
Depreciation charged in the year	21,703	-	74,572	96,275
At 31 March 2018	86,815	-	283,146	369,961
<b>Carrying amount</b>				
At 31 March 2018	3,763,918	87,840	210,024	4,061,782
At 31 March 2017	3,785,621	106,361	256,463	4,148,445

Included in cost of freehold land and buildings is freehold land of £2,025,540 (2017 - £2,025,540) which is not depreciated.

### 10 Stocks

	2018 £	2017 £
Finished goods and goods for resale	28,588	25,993

# BROCKENCOTE HALL HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 11 Debtors

	2018 £	2017 £
<b>Amounts falling due within one year:</b>		
Trade debtors	24,080	46,365
Amounts owed by group undertakings	276,038	85,205
Prepayments and accrued income	9,318	91,844
	<u>309,436</u>	<u>223,414</u>

### 12 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Preference shares	13	170,000	170,000
Payments received on account		143,611	175,858
Trade creditors		93,565	141,556
Amounts due to group undertakings		103	13
Group relief creditor		62,448	66,886
Other taxation and social security		59,497	63,328
Other creditors		6,982	5,971
Accruals and deferred income		27,044	19,990
		<u>563,250</u>	<u>643,602</u>

### 13 Preference shares

	2018 £	2017 £
<b>Issued and fully paid</b>		
Redeemable preference shares of £1 each	<u>170,000</u>	<u>170,000</u>

The 170,000 £1 redeemable preference shares can be redeemed at the request of the shareholder giving one months' notice.

The preference shares carry the right to a non-cumulative dividend at an annual rate equal to 2% over the base rate current on each date a payment is due, of the nominal value of the preference shares to be paid on 1st January and 1st July in each year, so far as there are sufficient distributable reserves.

During the year dividends due on preference shares were waived by the parent company.

The preference shares do not carry the right to participate further in the profits of the company.

### 14 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	15	<u>21,936</u>	<u>30,714</u>

# BROCKENCOTE HALL HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	2018 £	2017 £
<b>Deferred tax liabilities/(assets):</b>		
Accelerated capital allowances	22,022	30,714
Short term timing differences	(86)	-
	<u>21,936</u>	<u>30,714</u>

	2018 £
<b>Movements in the year:</b>	
Liability (net of assets) at 1 April 2017	30,714
Credit to profit or loss	(8,778)
	<u>21,936</u>
Liability (net of assets) at 31 March 2018	<u>21,936</u>

The deferred tax assets and liabilities will reverse over the following periods:

	2018 £	2017 £
<b>Deferred tax (assets)</b>		
Within one year	(86)	-
	<u>(86)</u>	<u>-</u>

	2018 £	2017 £
<b>Deferred tax liabilities</b>		
Within one year	9,630	8,492
After more than one year	12,392	22,222
	<u>22,022</u>	<u>30,714</u>

### 16 Retirement benefit schemes

	2018 £	2017 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>3,475</u>	<u>3,514</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

# BROCKENCOTE HALL HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 17 Share capital

	2018 £	2017 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1,150,000 Ordinary of £1 each	1,150,000	1,150,000
	<u>1,150,000</u>	<u>1,150,000</u>

### 18 Non-distributable reserves

On transition to FRS 102 the company applied the transitional option to treat fair value of tangible fixed assets at the date of transition as deemed cost. The effect on reserves relating to the difference between fair value and historical cost has been classified a non-distributable reserve (previously treated under old UK GAAP as a revaluation reserve), as under Companies Act 2006 no dividends can be declared out of this element of total reserves.

As allowed by Companies Act 2006 section 841, the difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount has been transferred from the non-distributable reserve to the profit and loss account.

### 19 Guarantees

The company is party to an unlimited intercompany guarantee securing all amounts due to the Royal Bank of Scotland due from Eden Hotel Collection Limited and all its subsidiaries. At the year end amounts owed to the Royal Bank of Scotland by the group was £8,500,000 (2017 - £9,000,000) from Eden Hotel Collection Ltd, £145,502 (2017 - £nil) from The Mount Somerset Hotel & Spa Limited, £104,170 (2017 - £nil) from Bovey Castle Property Limited, £nil (2017 - £93,172) from Mallory Court Hotel Limited, £43,521 (2017 - £28,693) from Buckland Tout-Saints Hotel Limited and £11,092 (2017 - £nil) from The Kings Hotel (Chipping Campden) Limited.

### 20 Controlling party

Rigby Group (RG) plc is regarded by the directors as being the company's ultimate parent company.

The principal place of business of Rigby Group (RG) plc is at Bridgeway House, Stratford-upon-Avon, Warwickshire, CV37 6YX. Rigby Group (RG) plc is the largest group to consolidate these financial statements.

Eden Hotel Collection Limited, the immediate parent company is the smallest group to consolidate these financial statements.

The consolidated statements for both Rigby Group (RG) plc and Eden Hotel Collection Limited are available at the above address.

Sir Peter Rigby, a director of Rigby Group (RG) plc, controlled the company as a result of holding (directly and indirectly) 75% of the issued ordinary share capital of Rigby Group (RG) plc, the ultimate parent undertaking.