

Registered number: 3673448

HISTORIC SUSSEX HOTELS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 29 NOVEMBER 2015

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HISTORIC SUSSEX HOTELS LIMITED

COMPANY INFORMATION

Directors

H N A Goodman
M A Carminger
L I P Carminger
J S Sixsmith

Company secretary

J S Sixsmith

Registered number

3673448

Registered office

Fourteen Acre Barn
Climping Street
Climping
Littlehampton
West Sussex
BN17 5TG

Independent auditors

Nyman Libson Paul
Chartered Accountants & Statutory Auditors
Regina House
124 Finchley Road
London
NW3 5JS

HISTORIC SUSSEX HOTELS LIMITED

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HISTORIC SUSSEX HOTELS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 29 NOVEMBER 2015

The directors present their report and the audited financial statements of the group for the period ended 29 November 2015.

Directors

The directors who served during the period were:

H N A Goodman
M A Carminger
L I P Carminger
J S Sixsmith

Results

The profit for the period, after taxation, amounted to £427,878 (2014 - £344,817).

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Financial instruments

The group's financial instruments comprise bank balances, bank loans and overdrafts, trade creditors, trade debtors and finance lease arrangements. The main purpose of these instruments is to raise funds for the group's operations and to finance the group's operations.

Due to the nature of the financial instruments used by the group there is no exposure to price risk. The group has mitigated its risk to interest rate changes by fixing the cost of its borrowings with short and medium term financial instruments. The group's approach to managing other risks applicable to the financial instruments concerned is shown below :-

In respect of bank balances the liquidity risk is managed by maintaining a balance between continuity of funding and flexibility through the use of overdrafts at floating rates of interest. The group makes use of fixed deposit facilities where funds are available.

Trade debtors are managed in respect of credit and cashflow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Auditors

The auditors, Nyman Libson Paul, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

HISTORIC SUSSEX HOTELS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 29 NOVEMBER 2015

Directors' responsibilities statement

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

Company law requires the directors to prepare audited financial statements of the group for each financial year. Under that law the directors have elected to prepare the audited financial statements of the group 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 audited financial statements of the group 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 audited financial statements of the group, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 audited financial statements of the group on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

Disclosure of information to auditors


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

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information.

This report was approved by the board on

21st July 2016

and signed on its behalf.


J S Sixsmith
Director

HISTORIC SUSSEX HOTELS LIMITED

GROUP STRATEGIC REPORT FOR THE PERIOD ENDED 29 NOVEMBER 2015

Principal activities

The principal activity of the group continued to be the operation of a number of quality Country House Hotels and Spas.

Business review

The group is operating in an established sector within the Hospitality Industry and is competing with an appropriate business model.

The group largely competes in the Southern part of England with providers of Hotel and Spa services. The historic premises of the group's operations have over many years been subject to substantial investment and development.

The group operates in a wide ranging legal and regulatory environment such as but not limited to: Corporate Governance, Health and Safety, Environmental, Bribery and Corruption, Employment Law and Diversity, Disability Access, Data Privacy and Information Protection, Relationships, Financial, Accounting and Taxation.

The overriding aim of the group is to further strengthen its financial position, producing the reserves needed to continue to reward its employees and shareholders, provide funds for future capital investment and provide support to the local community.

Operationally the group is focused on customer or guest satisfaction. The aim of the Group of companies is to meet those needs and develop customer loyalty.

Over many years the group has made continuing and substantial capital investment into its properties by way, of upgrading, bedroom expansion, the addition of facilities such as Spa and Wellness and technological improvements.

To continue to grow its business sustainably and responsibly the group needs a talented and passionate team of people and we as a group employ and attract some of the best professionals in our sector.

The group has access to a broad range of operational and financial resources. At group level we search-out and where proven adopt additional operational technologies and systems which will deliver commercial advantage.

The focus of the business is to re-build those profitable revenues and volumes lost during the recent recession. The financial results for this year show significant progress.

Principal risks and uncertainties

The group is exposed to political and economic developments such as recession, inflation, availability of credit and currency fluctuations that could lower revenues reduce profit and ultimately impact the value of the business.

The Room rates and occupancy levels of the group could be adversely impacted by events that reduce domestic travel, such as natural disasters, and epidemics. A decrease in demand for hotel rooms as a result of such events may have an adverse impact on the group operations and financial results. In addition, inadequate contingency planning or recovery capability in relation to a major incident or crisis may prevent operational continuity and consequently impact the reputation of the group.

The group of companies is required to comply with existing and changing regulations this affects countless aspects of the Group of companies business ranging from Corporate Governance, Health and Safety, Environmental, Bribery and Corruption, Employment Law and Diversity, Disability Access, Data Privacy and Information Protection, Relationships, Financial, Accounting and Taxation. Regulatory changes may require

HISTORIC SUSSEX HOTELS LIMITED

GROUP STRATEGIC REPORT (continued) FOR THE PERIOD ENDED 29 NOVEMBER 2015

significant changes in the way the business operates and may inhibit the strategy including markets the Group of companies operates in, brand protection and use of or transmittal of customer data. If the Group of companies fails to comply with an existing or changing regulation's, the Group of companies may be subject to fines, prosecution, loss of operational licences which may cause the Group of companies to cease or restrict normal trading levels, or reputation damage.

The group is exposed to a variety of risks associated with its financial stability and ability to borrow and satisfy debt covenants. The group has utilised its own Capital and utilised lenders funds in order to develop and extend its business. The Group is reliant upon having financial strength to meet its debt service covenants. Non-compliance with these covenants could result in the lenders demanding repayment of the funds advanced. If the group's financial performance does not meet market expectations, it may not be able to refinance existing facilities on terms considered favourable.

Financial key performance indicators

The group has a holistic set of carefully selected key performance indicators to monitor its success in achieving strategy. In particular the group uses the following measures to monitor performance

- Turnover
- Staff costs as a ratio of Turnover
- EBITDA

The group's recent performance against these KPI's is summarised below

- Turnover in the year increased by 9%
- Staff costs as a % of Turnover 43%
- EBITDA increased by 48%

This report was approved by the board on *21st July 2016* and signed on its behalf.



J S Sixsmith
Director

HISTORIC SUSSEX HOTELS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HISTORIC SUSSEX HOTELS LIMITED

We have audited the group and parent company financial statements of Historic Sussex Hotels Limited for the period ended 29 November 2015, set out on pages 7 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the group strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 29 November 2015 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

HISTORIC SUSSEX HOTELS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HISTORIC SUSSEX HOTELS LIMITED

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Jennifer Pope (senior statutory auditor)

for and on behalf of
Nyman Libson Paul

Chartered Accountants
Statutory Auditors

Regina House
124 Finchley Road
London
NW3 5JS

Date: 21 July 2016

HISTORIC SUSSEX HOTELS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 29 NOVEMBER 2015

	Note	Period ended 29 November 2015 £	Period ended 30 November 2014 £
TURNOVER	1,2	11,167,851	10,284,440
Cost of sales		(1,594,544)	(1,514,292)
GROSS PROFIT		9,573,307	8,770,148
Administrative expenses		(8,395,045)	(7,972,468)
OPERATING PROFIT	3	1,178,262	797,680
Interest receivable and similar income	5	8,720	4,598
Interest payable and similar charges	4	(423,975)	(453,382)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		763,007	348,896
Tax on profit on ordinary activities	6	(335,129)	(4,079)
PROFIT FOR THE FINANCIAL PERIOD	17	427,878	344,817

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the profit and loss account.

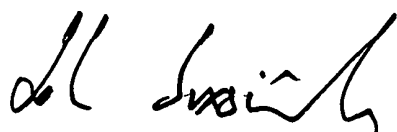
The notes on pages 11 to 29 form part of these financial statements.

HISTORIC SUSSEX HOTELS LIMITED
REGISTERED NUMBER: 3673448

CONSOLIDATED BALANCE SHEET
AS AT 29 NOVEMBER 2015

	Note	29 November 2015 £	30 November 2014 £
FIXED ASSETS			
Tangible assets	8	26,648,495	26,637,069
CURRENT ASSETS			
Stocks	10	150,678	142,349
Debtors	11	488,208	379,130
Cash at bank and in hand		2,037,507	1,703,099
		<u>2,676,393</u>	<u>2,224,578</u>
CREDITORS: amounts falling due within one year	12	<u>(3,918,854)</u>	<u>(3,535,171)</u>
NET CURRENT LIABILITIES		<u>(1,242,461)</u>	<u>(1,310,593)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		25,406,034	25,326,476
CREDITORS: amounts falling due after more than one year	13	(10,979,125)	(11,662,445)
PROVISIONS FOR LIABILITIES			
Deferred tax	15	<u>(335,000)</u>	<u>-</u>
NET ASSETS		<u>14,091,909</u>	<u>13,664,031</u>
CAPITAL AND RESERVES			
Called up share capital	16	200	200
Revaluation reserve	17	13,863,541	13,863,541
Capital redemption reserve	17	4	4
Profit and loss account	17	228,164	(199,714)
SHAREHOLDERS' FUNDS	18	<u>14,091,909</u>	<u>13,664,031</u>

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



J S Sixsmith
Director

21st July 2016 .


The notes on pages 11 to 29 form part of these financial statements.

HISTORIC SUSSEX HOTELS LIMITED
REGISTERED NUMBER: 3673448

COMPANY BALANCE SHEET
AS AT 29 NOVEMBER 2015

	Note	29 November 2015 £	30 November 2014 £
FIXED ASSETS			
Tangible assets	8	30,665	40,291
Investments	9	267	267
		<u>30,932</u>	<u>40,558</u>
CURRENT ASSETS			
Debtors	11	11,462,234	12,486,199
Cash at bank and in hand		789,867	225,542
		<u>12,252,101</u>	<u>12,711,741</u>
CREDITORS: amounts falling due within one year	12	<u>(1,301,869)</u>	<u>(1,115,769)</u>
NET CURRENT ASSETS		<u>10,950,232</u>	<u>11,595,972</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,981,164</u>	<u>11,636,530</u>
CREDITORS: amounts falling due after more than one year	13	<u>(10,979,125)</u>	<u>(11,662,445)</u>
NET ASSETS/(LIABILITIES)		<u><u>2,039</u></u>	<u><u>(25,915)</u></u>
CAPITAL AND RESERVES			
Called up share capital	16	200	200
Profit and loss account	17	1,839	(26,115)
SHAREHOLDERS' FUNDS/(DEFICIT)	18	<u><u>2,039</u></u>	<u><u>(25,915)</u></u>

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



J S Sixsmith
Director

21st July 2016

The notes on pages 11 to 29 form part of these financial statements.

HISTORIC SUSSEX HOTELS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 29 NOVEMBER 2015

	Note	Period ended 29 November 2015 £	Period ended 30 November 2014 £
Net cash flow from operating activities	26	1,739,552	1,986,299
Returns on investments and servicing of finance	27	(415,255)	(448,784)
Taxation		(4,587)	(11,434)
Capital expenditure and financial investment	27	(322,347)	(272,566)
CASH INFLOW BEFORE FINANCING		<u>997,363</u>	<u>1,253,515</u>
Financing	27	(662,955)	(657,200)
INCREASE IN CASH IN THE PERIOD		<u><u>334,408</u></u>	<u><u>596,315</u></u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT FOR THE PERIOD ENDED 29 NOVEMBER 2015

	Period ended 29 November 2015 £	Period ended 30 November 2014 £
Increase in cash in the period	334,408	596,315
Cash outflow from decrease in debt and lease financing	<u>662,955</u>	<u>657,200</u>
MOVEMENT IN NET DEBT IN THE PERIOD	<u>997,363</u>	<u>1,253,515</u>
Net debt at 1 December 2014	(10,622,303)	(11,875,818)
NET DEBT AT 29 NOVEMBER 2015	<u><u>(9,624,940)</u></u>	<u><u>(10,622,303)</u></u>

The notes on pages 11 to 29 form part of these financial statements.

HISTORIC SUSSEX HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 NOVEMBER 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold and long leasehold land and buildings and in accordance with applicable accounting standards.

The group's business activities together with the factors likely to affect its future development and position are set out in the Directors' Report.

Although the group is showing net current liabilities at the balance sheet date of over £1.2m, the group continued to produce a profit before tax of £760,000 compared to a profit of approximately £350,000 in the previous year.

The group has continued to generate positive cash flows since the year end and the directors have prepared cash flow forecasts for the next twelve months and beyond which indicate that this trend will continue.

The group has the full support of its bankers, with long term financial arrangements in place, which it is fully able to service.

The directors have no reason, therefore, to believe that a material uncertainty exists that may cast significant doubt about the ability of the group to continue as a going concern or its ability to continue servicing its banking arrangements.

On this basis, therefore, the directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Basis of consolidation

The financial statements consolidate the accounts of Historic Sussex Hotels Limited and all of its subsidiary undertakings ('subsidiaries').

The group financial statements have been prepared in accordance with the principles of merger accounting applicable to the group reconstruction undertaken in 1998.

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of room bookings, restaurant and bar income, income from conferences and functions together with spa membership and sundry income.

Spa membership joining fees are recognised in full at the time membership commences. Annual subscriptions are recognised evenly over the membership year.

HISTORIC SUSSEX HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 NOVEMBER 2015

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

L/Term Leasehold Property	-	over the period of the lease
Motor vehicles	-	33% straight line
Fixtures, fittings & equipment	-	10% or 20% reducing balance
Health club and spa equipment	-	10% straight line

Depreciation is not provided on freehold properties as it is the group's policy to maintain them in a continual state of sound repair and, accordingly, the directors consider that the lives of these assets are so long and residual values so high that their depreciation would be insignificant.

1.6 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at the balance sheet date. A full valuation is obtained from a qualified valuer for each property every five years, with an interim valuation three years after the previous full valuation, and in any year where it is likely that there has been a material change in value.

Revaluation gains and losses are recognised in the statement of total recognised gains and losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the profit and loss account.

1.7 Leasing

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.8 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.9 Stock

Stock is valued at the lower of cost and net realisable value.

1.10 Pensions

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 NOVEMBER 2015**

1. ACCOUNTING POLICIES (continued)

1.11 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

1.12 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

2. TURNOVER

The whole of the turnover is attributable to its principal activity.

All turnover arose within the United Kingdom.

HISTORIC SUSSEX HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 NOVEMBER 2015

3. OPERATING PROFIT

The operating profit is stated after charging:

	Period ended 29 November 2015 £	Period ended 30 November 2014 £
Depreciation of tangible fixed assets:		
- owned by the group	310,921	285,325
Auditors' remuneration	29,800	26,550
Operating lease rentals:		
- plant and machinery	1,940	2,618
- other operating leases	126,094	141,093
	<u>126,094</u>	<u>141,093</u>

Auditors fees for the company were £6,000 (2014 - £6,150)

4. INTEREST PAYABLE

	Period ended 29 November 2015 £	Period ended 30 November 2014 £
On bank loans and overdrafts	422,671	453,469
Other interest	1,304	(87)
	<u>423,975</u>	<u>453,382</u>

5. INTEREST RECEIVABLE

	Period ended 29 November 2015 £	Period ended 30 November 2014 £
Other interest receivable	8,720	4,598
	<u>8,720</u>	<u>4,598</u>

HISTORIC SUSSEX HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 NOVEMBER 2015

6. TAXATION

	Period ended 29 November 2015 £	Period ended 30 November 2014 £
Analysis of tax charge in the period		
Current tax (see note below)		
UK corporation tax charge on profit for the period	129	4,079
Deferred tax (see note 15)		
Origination and reversal of timing differences	335,000	-
Tax on profit on ordinary activities	<u>335,129</u>	<u>4,079</u>

The tax assessed for the period is the same as (2014 - the same as) the standard rate of corporation tax in the UK of 20% (2014 - 21%) as set out below:

Profit on ordinary activities before tax	<u>763,007</u>	<u>348,896</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 - 21%)	152,601	73,268
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	496	20,402
Capital allowances for period in excess of depreciation	(79,644)	(91,680)
Utilisation of tax losses	(71,257)	(3,556)
Accrued pension contributions	(5,645)	5,645
Other tax adjustments	3,578	-
Current tax charge for the period (see note above)	<u>129</u>	<u>4,079</u>

Factors that may affect future tax charges

The group has estimated tax losses of £587,000 (2014 - £902,000) available to carry forward against future trading profits.

HISTORIC SUSSEX HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 NOVEMBER 2015**

7. PROFIT FOR THE FINANCIAL PERIOD

As permitted by section 408 of the Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial period is made up as follows:

	Period ended 29 November 2015 £	Period ended 30 November 2014 £
Holding company's profit/ (loss) for the financial period	27,954	(25,836)

HISTORIC SUSSEX HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 NOVEMBER 2015

8. TANGIBLE FIXED ASSETS

Group	Freehold property £	L/Term Leasehold Property £	Motor vehicles £	Fixtures & fittings £
Cost or valuation				
At 1 December 2014	23,634,523	4,203,718	55,636	4,818,672
Additions	-	-	-	322,347
At 29 November 2015	23,634,523	4,203,718	55,636	5,141,019
Depreciation				
At 1 December 2014	64,686	2,176,874	22,424	3,811,496
Charge for the period	-	63,339	11,212	236,370
At 29 November 2015	64,686	2,240,213	33,636	4,047,866
Net book value				
At 29 November 2015	23,569,837	1,963,505	22,000	1,093,153
At 30 November 2014	23,569,837	2,026,844	33,212	1,007,176

Group	Total £
Cost or valuation	
At 1 December 2014	32,712,549
Additions	322,347
At 29 November 2015	33,034,896
Depreciation	
At 1 December 2014	6,075,480
Charge for the period	310,921
At 29 November 2015	6,386,401
Net book value	
At 29 November 2015	26,648,495
At 30 November 2014	26,637,069

HISTORIC SUSSEX HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 NOVEMBER 2015

8. TANGIBLE FIXED ASSETS (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	29 November 2015	30 November 2014
Group	£	£
Motor vehicles	22,000	33,212

An interim valuation of the freehold land and buildings and fixtures, fittings and equipment was carried out in June 2014 by Messrs Knight Frank, Chartered Surveyors on the basis of market value at that date. The valuation indicated that the market value of the freehold land and buildings of the group was approximately £268,685 in excess of its net book value, which was adjusted for in the financial statements as at 24 November 2013.

An interim valuation of the leasehold property, inclusive of fixtures and fittings was carried out in June 2014 by Messrs Knight Frank, Chartered Surveyors on the basis of market value at that date. The valuation was reflected in the financial statements as at 24 November 2013.

No provision has been made for additional United Kingdom taxation which would arise if the freehold properties were disposed of at their revalued amount. The potential taxation liability is disclosed in note 14.

Cost or valuation at 29 November 2015 is as follows:

	Land and buildings
Group	
At cost	13,737,117
At valuation	
Revaluation to open market value at 29 November 2015	14,101,124
	<u>27,838,241</u>

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	29 November 2015	30 November 2014
Group	£	£
Cost	13,737,117	13,737,117
Accumulated depreciation	(876,883)	(845,379)
	<u>12,860,234</u>	<u>12,891,738</u>

HISTORIC SUSSEX HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 NOVEMBER 2015

Company	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation			
At 1 December 2014	55,636	26,370	82,006
Additions	-	3,752	3,752
At 29 November 2015	55,636	30,122	85,758
Depreciation			
At 1 December 2014	22,424	19,291	41,715
Charge for the period	11,212	2,166	13,378
At 29 November 2015	33,636	21,457	55,093
Net book value			
At 29 November 2015	22,000	8,665	30,665
At 30 November 2014	33,212	7,079	40,291

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

Company	29 November 2015 £	30 November 2014 £
Motor vehicles	22,000	33,212

HISTORIC SUSSEX HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 NOVEMBER 2015

9. FIXED ASSET INVESTMENTS

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 December 2014 and 29 November 2015	267
Net book value	
At 29 November 2015	267
At 30 November 2014	267

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Company name	Principal activity	Class of shares	Percentage shareholding
Spread Eagle Hotel (Midhurst) Limited	Operation of a country hotel	Ordinary	100%
Ockenden Manor Limited	Operation of a country hotel	Ordinary	100%
Bailiffscourt Limited	Operation of a country hotel	Ordinary	100%

10. STOCKS

	<u>Group</u>		<u>Company</u>	
	29 November 2015 £	30 November 2014 £	29 November 2015 £	30 November 2014 £
Finished goods and goods for resale	150,678	142,349	-	-

HISTORIC SUSSEX HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 NOVEMBER 2015

11. DEBTORS

	<u>Group</u>		<u>Company</u>	
	29 November 2015	30 November 2014	29 November 2015	30 November 2014
	£	£	£	£
Trade debtors	194,554	170,107	-	2,372
Amounts owed by group undertakings	-	-	10,851,172	12,083,338
Other debtors	118,868	32,209	23,912	18,412
Prepayments and accrued income	174,786	176,814	587,150	382,077
	<u>488,208</u>	<u>379,130</u>	<u>11,462,234</u>	<u>12,486,199</u>

Amounts falling due after more than one year and included in debtors above are:

	<u>Group</u>		<u>Company</u>	
	2015	2014	2015	2014
	£	£	£	£
Amounts owed by group undertakings	<u>-</u>	<u>-</u>	<u>10,851,172</u>	<u>12,083,338</u>

12. CREDITORS: Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	29 November 2015	30 November 2014	29 November 2015	30 November 2014
	£	£	£	£
Bank loans and overdrafts (secured)	573,172	573,172	573,172	573,172
Other loans (secured)	83,079	77,644	83,079	77,644
Net obligations under finance leases and hire purchase contracts	27,071	12,141	27,071	12,141
Trade creditors	970,011	915,362	133,242	103,453
Corporation tax	187	4,645	129	109
Other taxation and social security	400,395	344,372	129,653	42,574
Other creditors	184,256	70,541	80,440	35,440
Accruals and deferred income	1,680,683	1,537,294	275,083	271,236
	<u>3,918,854</u>	<u>3,535,171</u>	<u>1,301,869</u>	<u>1,115,769</u>

The bank loans and overdraft are secured by a fixed charge over the freehold land and buildings, by a debenture over the assets, and by a fixed and floating charge over all the assets of the company and its subsidiaries.

In the period ended 25 November 2012, the company was provided a secured loan facility of £390,000 from Historic Sussex Hotels Self Administered Pension Scheme, a related party, with an unlimited guarantee in the Scheme's favour. The loan is repayable within five years and bears interest at the rate

HISTORIC SUSSEX HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 NOVEMBER 2015

12. CREDITORS:
Amounts falling due within one year (continued)

of 7% per annum.

13. CREDITORS:
Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	29 November 2015 £	30 November 2014 £	29 November 2015 £	30 November 2014 £
Other loans	10,979,125	11,635,374	10,979,125	11,635,374
Net obligations under finance leases and hire purchase contracts	-	27,071	-	27,071
	<u>10,979,125</u>	<u>11,662,445</u>	<u>10,979,125</u>	<u>11,662,445</u>

Included within the above are amounts falling due as follows:

	<u>Group</u>		<u>Company</u>	
	29 November 2015 £	30 November 2014 £	29 November 2015 £	30 November 2014 £
Between one and two years				
Other loans	662,068	656,251	662,068	656,251
Between two and five years				
Other loans	1,719,517	1,808,411	1,719,517	1,808,411
Over five years				
Other loans	8,597,540	9,170,712	8,597,540	9,170,712

Creditors include amounts not wholly repayable within 5 years as follows:

	<u>Group</u>		<u>Company</u>	
	29 November 2015 £	30 November 2014 £	29 November 2015 £	30 November 2014 £
Repayable by instalments	8,597,540	9,170,712	8,597,540	9,170,712

The loan is secured by a first legal charge over certain freehold and leasehold properties of the group and cross-company guarantees of Bailiffscourt Limited, Ockenden Manor Limited and The Spread Eagle Hotel (Midhurst) Limited. The loan bears interest that fluctuates in line with LIBOR. At the period end the rate was 3.5%.

Finance leases and hire purchase contracts are secured on the fixed assets.

HISTORIC SUSSEX HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 NOVEMBER 2015

13. CREDITORS: Amounts falling due after more than one year (continued)

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	<u>Group</u>		<u>Company</u>	
	29 November 2015	30 November 2014	29 November 2015	30 November 2014
	£	£	£	£
Between one and five years	-	27,071	-	27,071

14. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation not provided in the financial statements is as follows:

	Period ended 29 November 2015	Period ended 30 November 2014
	£	£
Surplus on revaluation of land and buildings - group	1,764,000	1,771,000
Accelerated capital allowances	-	379,000
Tax losses carried forward	(117,000)	(160,000)
	<u>1,647,000</u>	<u>1,990,000</u>

15. DEFERRED TAXATION

	<u>Group</u>		<u>Company</u>	
	29 November 2015	30 November 2014	29 November 2015	30 November 2014
	£	£	£	£
At beginning of period	-	-	-	-
Charge for the period (P&L)	335,000	-	-	-
At end of period	<u>335,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

The provision for deferred taxation is made up as follows:

	<u>Group</u>		<u>Company</u>	
	29 November 2015	30 November 2014	29 November 2015	30 November 2014
	£	£	£	£
Accelerated capital allowances	<u>335,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

HISTORIC SUSSEX HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 NOVEMBER 2015

16. SHARE CAPITAL

	29 November 2015 £	30 November 2014 £
Allotted, called up and fully paid		
117 A Ordinary shares of £1 each	117	117
50 B Ordinary shares of £1 each	50	50
33 C Ordinary shares of £1 each	33	33
	<u>200</u>	<u>200</u>

The A ordinary shares give the holder the right to attend and vote at general meetings and rank with all other classes of share with regards to dividends and on a winding up. On the death of the holder of A ordinary shares the A ordinary shares convert to C ordinary shares.

The B ordinary shares give the holder the right to attend and vote at general meetings and rank with all other classes of share with regard to dividends and on a winding up.

The C ordinary shares do not give the holder the right to attend and vote at general meetings. Otherwise they rank with all other classes of share with regard to dividends and on a winding up.

17. RESERVES

Group	Capital redempt'n reserve £	Revaluation reserve £	Profit and loss account £
At 1 December 2014	4	13,863,541	(199,714)
Profit for the period			427,878
	<u>4</u>	<u>13,863,541</u>	<u>228,164</u>
At 29 November 2015			
			Profit and loss account £
Company			
At 1 December 2014			(26,115)
Profit for the period			27,954
			<u>1,839</u>
At 29 November 2015			

HISTORIC SUSSEX HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 NOVEMBER 2015

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	29 November 2015 £	30 November 2014 £
Group		
Opening shareholders' funds	13,664,031	13,319,214
Profit for the financial period	427,878	344,817
	<u>14,091,909</u>	<u>13,664,031</u>
Closing shareholders' funds		
	<u>14,091,909</u>	<u>13,664,031</u>
	29 November 2015 £	30 November 2014 £
Company		
Opening shareholders' deficit	(25,915)	(79)
Profit/(loss) for the financial period	27,954	(25,836)
	<u>2,039</u>	<u>(25,915)</u>
Closing shareholders' funds/(deficit)		
	<u>2,039</u>	<u>(25,915)</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The profit/ (loss) for the period dealt with in the accounts of the company was £27,954 (2014 - £25,836 - loss).

19. PENSION COMMITMENTS

The company operates certain defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the fund and amounted to £84,853 (2014: £104,033). As at 29 November 2015, £9,272 (2014: £34,704) was outstanding in respect of this contribution and is included within accruals.

20. FINANCIAL COMMITMENTS

At 29 November 2015 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 29 November 2015 £	30 November 2014 £	29 November 2015 £	30 November 2014 £
Group				
Expiry date:				
Between 2 and 5 years	46,419	-	-	-
After more than 5 years	110,000	110,000	-	-
	<u>156,419</u>	<u>110,000</u>	<u>-</u>	<u>-</u>

HISTORIC SUSSEX HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 NOVEMBER 2015

21. DIRECTORS' REMUNERATION

	Period ended 29 November 2015 £	Period ended 30 November 2014 £
Remuneration	723,350	558,214
Company pension contributions to defined contribution pension schemes	35,954	69,817

During the period retirement benefits were accruing to 4 directors (2014 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £240,488 (2014- £242,900).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £35,954 (2014 - £69,817).

22. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	Period ended 29 November 2015 £	Period ended 30 November 2014 £
Wages and salaries	4,437,661	3,953,168
Social security costs	326,309	307,082
Other pension costs	84,853	104,033
	4,848,823	4,364,283

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

	Period ended 29 November 2015 No.	Period ended 30 November 2014 No.
Management	9	9
Administration	19	12
Household and garden	236	219
	264	240

HISTORIC SUSSEX HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 NOVEMBER 2015**

23. CONTROLLING PARTY

The ultimate controlling party of the company during the period was Mr H N A Goodman.

24. RELATED PARTY TRANSACTIONS

The group has taken advantage of the exemption available under Financial Reporting Standard No 8: Related Party Disclosures not to disclose transactions within the group that are eliminated on consolidation.

At the balance sheet date, the company was owed £nil (2014: £2,371) from Taylors Technical Services Limited. Creditors include £80,440 (2014: £35,440) due to Taylors Technical Services Limited, a company under common control. Fees of £434,000 (2014: £417,500) were invoiced during the period by Taylors Technical Services Limited.

During the period rent of £nil (2014: £24,357) and pension contributions of £64,204 (2014: £41,675) were paid by the company to Historic Sussex Self Administered Pension Scheme. Included within trade creditors is £3,264 (2014: £6,435) due to Historic Sussex Self Administered Pension Scheme. Mr H N A Goodman, Mr L I P Carminger, Mrs M A Carminger, and Mr J Sixsmith are the trustees of Historic Sussex Self Administered Pension Scheme.

In the period ended 25 November 2012, the company obtained a loan from Historic Sussex Self Administered Pension Scheme. At the balance sheet date the company owed £171,974 (2014: £249,618) to the Pension Scheme. The details of this loan are given in Note 12.

25. FINANCIAL INSTRUMENTS

At the balance sheet date, the company had 4 interest rate swaps outstanding:

£5,000,000 bank loan under which the company pays a fixed rate and receives a floating rate of interest based on 3 months' LIBOR. The instrument expires in September 2020.

£3,433,692 bank loan under which the company pays a fixed rate and receives a floating rate of interest based on 3 months' LIBOR. The instrument expires in September 2020.

£2,530,000 bank loan under which the company pays a fixed rate and receives a floating rate of interest based on 3 months' LIBOR. The instrument expires in September 2017.

£4,050,000 bank loan under which the company pays a fixed rate and receives a floating rate of interest based on 3 months' LIBOR. The instrument expires in March 2016.

HISTORIC SUSSEX HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 NOVEMBER 2015

26. NET CASH FLOW FROM OPERATING ACTIVITIES

	Period ended 29 November 2015 £	Period ended 30 November 2014 £
Operating profit	1,178,262	797,680
Depreciation of tangible fixed assets	310,921	285,325
Increase in stocks	(8,329)	(6,731)
(Increase)/decrease in debtors	(109,078)	32,779
Increase in creditors	367,776	877,246
Net cash inflow from operating activities	1,739,552	1,986,299

27. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	Period ended 29 November 2015 £	Period ended 30 November 2014 £
Returns on investments and servicing of finance		
Interest received	8,720	4,598
Interest paid	(423,975)	(453,382)
Net cash outflow from returns on investments and servicing of finance	(415,255)	(448,784)
	Period ended 29 November 2015 £	Period ended 30 November 2014 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(322,347)	(272,566)
	Period ended 29 November 2015 £	Period ended 30 November 2014 £
Financing		
Repayment of loans	(650,814)	(645,737)
(Repayment of)/ new hire purchase	(12,141)	(11,463)
Net cash outflow from financing	(662,955)	(657,200)

HISTORIC SUSSEX HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 NOVEMBER 2015

28. ANALYSIS OF CHANGES IN NET DEBT

	1 December 2014 £	Cash flow £	Other non-cash changes £	29 November 2015 £
Cash at bank and in hand	1,703,099	334,408	-	2,037,507
Debt:				
Debts due within one year	(662,957)	662,955	(683,320)	(683,322)
Debts falling due after more than one year	(11,662,445)	-	683,320	(10,979,125)
Net debt	<u>(10,622,303)</u>	<u>997,363</u>	<u>-</u>	<u>(9,624,940)</u>