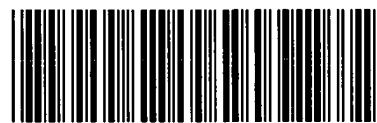


GREENCLOSE HOTELS LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2019

Hopper Williams & Bell Limited
Statutory Auditor
Chartered Accountants
Highland House
Mayflower Close
Chandler's Ford
Eastleigh
Hampshire
SO53 4AR

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GREENCLOSE HOTELS LIMITED

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2019**

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GREENCLOSE HOTELS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 OCTOBER 2019**

DIRECTORS:	Miss P A Leach J A C Leach Mrs C R Gibson R A C Leach Ms L M Lotto J R Hiley-Jones G S Lofthouse R J Haycocks I R Fry
SECRETARY:	Miss P A Leach
REGISTERED OFFICE:	Pennington House Ridgeway Lane Lymington Hampshire SO41 8AA
REGISTERED NUMBER:	00623417 (England and Wales)
SENIOR STATUTORY AUDITOR:	Gary Brown FCCA
AUDITORS:	Hopper Williams & Bell Limited Statutory Auditor Chartered Accountants Highland House Mayflower Close Chandler's Ford Eastleigh Hampshire SO53 4AR
BANKERS:	Santander Bridle Road Bootle Merseyside L30 4GB

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

REVIEW OF BUSINESS

Greenclose Hotels Limited is the operator of three four-star hotels: Careys Manor Hotel and Senspa (in Brockenhurst, Hampshire), which includes an award winning destination spa, the Montagu Arms Hotel (in Beaulieu, Hampshire) and the Imperial Hotel (in Llandudno, North Wales). Across these properties the company operates six restaurants. All are open to non-residents. It also operates a yacht charter business and two small retail outlets.

The results of the company during the year were sales of £15,548,389 (2018: £15,559,285) and a pre-tax profit of £553,139 (2018: £119,451).

Business Environment

The four-star hotel market in each of the company's locations is highly competitive with comparisons between competitors made readily available to consumers through on line distribution and review websites.

Within this competitive environment the company continues to differentiate itself from its competitors by promoting its attractive buildings and locations and providing excellent customer service and dining propositions.

Strategy

The company's overriding objective is to achieve attractive and sustainable rates of growth and returns primarily from organic growth but also to explore other growth opportunities.

There are three key elements to the company's strategy for growth. They are:

- Developing the properties to respond to evolving consumer tastes and demands;
- Investment in the properties in terms of increasing and updating bedroom stock, enhancing public areas and improving infrastructure assets;
- Targeted and agile marketing across the various customer market sectors to maximise occupancy and yield.

Future Outlook

The COVID-19 pandemic that impacted the hotel market from March 2020 has, and will no doubt continue to have, a significant impact on the UK economy and, by default, the UK hospitality and leisure industry.

As such, it is likely that it may take some time for the industry to return to pre-pandemic levels but as a business with very little reliance on foreign visitors, it is possible in the short to medium term that the company may see benefits from the inability or unwillingness of the UK public to holiday abroad who may instead elect to holiday at properties such as ours.

In light of future uncertainty, our focus will be on making the businesses more agile, more flexible and more efficient in order to maximise profitability throughout the coming few years. Fortunately, prior to the impacts of the COVID-19 pandemic, and in response to a cost base, particularly in relation to labour and business rates, growing substantially above inflation by virtue of government policy, the company had already embarked on a major exercise to multi-skill and rationalise its valued workforce and challenge all of its major costs. As such, significant cost savings had already been secured when the COVID-19 restrictions came into force. This journey will continue and we expect the wider industry to now embark on similar processes.

This focus on efficiency, which we expect to have no negative impact on the guest experience, coupled with our continuing commitment to providing excellent customer service, and high quality facilities serving organic, free range and locally sourced food, where possible, and actively maintaining and improving out hotel properties will help us maintain our market leading position into the future in each of the company's locations.

As a result, within a reasonable period of time from the lifting of COVID-19 restrictions, we are confident that we will be able to improve upon our current level of financial performance.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks affecting the company are set out below:

Risks are formally reviewed by the board and appropriate processes put in place to monitor and mitigate them.

COVID-19

In common with all businesses in the hospitality sector, the company was required by government to suspend trading on 22 March 2020 due to the COVID-19 pandemic. To mitigate the impact on the company, approximately 90% of all staff were immediately furloughed and support under the Coronavirus Job Retention Scheme was applied for and received. In addition, the company applied for Coronavirus Business Interruption Scheme loans and other forms of working capital support and at the time of writing is confident that adequate support will be obtained to enable the company to return to successful trading, once normal business operations are able to be resumed. The ongoing effects of the economic impact will be mitigated as outlined in the foregoing section, Future Outlook.

Competition

The company operates in a highly competitive market in each of its locations. Accordingly, the company seeks to price competitively, market effectively, deliver excellent customer service and obtain positive feedback in public forums such as TripAdvisor in order to maintain and grow market share. To deliver this the company has employed dedicated marketing and yield management personnel with a customer focussed General Manager leading each business unit. Furthermore, the company undertakes mystery shopping research and targeted sales and customer service training to ensure it consistently delivers on its objectives.

Employees

The company's performance depends largely on its managers and staff and we recognise that our employees are our most valuable asset. The resignation of key individuals and the inability to recruit people with the required experience and skills could adversely impact the company's results. To mitigate these risks the company operates an induction and learning programme for all employees and has implemented and continues to develop a number of incentive schemes linked to the company's results that are designed to retain key individuals. In addition, the company's move to developing multi-skilled team members provides resilience across each property's operations in addition to providing greater efficiency.

Supply Chain

The company purchases from a large number of suppliers to provide high quality and whenever possible, organic, free range and locally sourced food to serve to its guests. There are a few significant suppliers and as such the company is potentially exposed to potential supply chain disruptions due to high reliance on these suppliers. The company mitigates this risk through having multiple sources for various key requirements, and employs effective supplier selection and procurement processes supplemented by appropriate insurance coverage.

GREENCLOSE HOTELS LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 OCTOBER 2019**

KEY PERFORMANCE INDICATORS

The main key performance indicators used by the company are turnover and gross margin percentage. In 2018 these KPIs were as follows:

Turnover - £15,548,389 (2018: £15,559,285)

Gross margin percentage - 44.6% (2018: 46.0%)

ON BEHALF OF THE BOARD:



.....
J A C Leach - Director

Date: 20 OCTOBER 2020

GREENCLOSE HOTELS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 OCTOBER 2019

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

DIVIDENDS

Interim dividends in respect of the year ended 31 October 2019 were paid on 24 June 2019 as follows:

Ordinary "A" £1 shares - Nil
Ordinary "B" £1 shares - £230,000
Ordinary "C" £1 shares - £60,000
Ordinary "D" £1 shares - £25,000
Ordinary "E" £1 shares - £25,000

The total distribution of dividends for the year ended 31 October 2019 was £340,000.

FUTURE DEVELOPMENTS

Information in respect of the company's future developments has been included within the strategic report.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

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

Miss P A Leach
J A C Leach
Mrs C R Gibson
R A C Leach
Ms L M Lotto
J R Hiley-Jones
G S Lofthouse
R J Haycocks
I R Fry

EMPLOYMENT POLICIES

The employment policies of the company embody the principles of equal opportunity and are tailored to meet the needs of its different businesses and the local areas in which they operate. This includes suitable procedures to support the company's policy that disabled persons (whether registered or not) shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities.

The company has adopted a policy of encouraging each business, together with its employees, to create communication, consultation and involvement groups so ensuring that each employee has a role in receiving and giving feedback on those matters that are important to all employees. At least twice a year, via the management of each business, employees are given the chance to give feedback on all areas of the business. This commitment to involve more employees in the consultation, communication and involvement forums reflects the company's philosophy of encouragement and participation in the success of its business and the important part that each employee plays in its long term success.

GREENCLOSE HOTELS LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 OCTOBER 2019**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

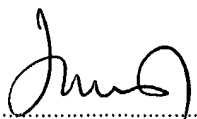
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

ON BEHALF OF THE BOARD:



.....
J A C Leach - Director

Date:

20 OCTOBER 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GREENCLOSE HOTELS LIMITED

Opinion

We have audited the financial statements of Greenclose Hotels Limited (the 'company') for the year ended 31 October 2019 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2019 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 Auditors' 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 in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GREENCLOSE HOTELS 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 or the Report of the Directors.

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

- adequate accounting records have not been kept, 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 Statement of Directors' Responsibilities set out on page six, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
GREENCLOSE HOTELS LIMITED

Use of our report

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

Hopper Williams & Bell Limited

Gary Brown FCCA (Senior Statutory Auditor)
for and on behalf of Hopper Williams & Bell Limited
Statutory Auditor
Chartered Accountants
Highland House
Mayflower Close
Chandler's Ford
Eastleigh
Hampshire
SO53 4AR

Date: *22 October 2020*

GREENCLOSE HOTELS LIMITED**INCOME STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2019**

	Notes	2019 £	2018 £
TURNOVER		15,548,389	15,559,285
Cost of sales		<u>(8,615,406)</u>	<u>(8,401,368)</u>
GROSS PROFIT		6,932,983	7,157,917
Administrative expenses		<u>(6,080,828)</u>	<u>(6,570,885)</u>
		852,155	587,032
Other operating income		<u>104,482</u>	<u>130,858</u>
OPERATING PROFIT	4	956,637	717,890
Income from shares in group undertakings		500,000	-
Interest receivable and similar income		<u>19,390</u>	<u>725</u>
		1,476,027	718,615
Interest payable and similar expenses	5	(864,888)	(573,164)
Other finance costs	21	<u>(58,000)</u>	<u>(26,000)</u>
PROFIT BEFORE TAXATION		553,139	119,451
Tax on profit	6	<u>(56,973)</u>	<u>32,563</u>
PROFIT FOR THE FINANCIAL YEAR		<u>496,166</u>	<u>152,014</u>

The notes form part of these financial statements

GREENCLOSE HOTELS LIMITED

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2019**

	Notes	2019 £	2018 £
PROFIT FOR THE YEAR		496,166	152,014
OTHER COMPREHENSIVE INCOME			
Actuarial gains on pension		23,000	(137,000)
Income tax relating to other comprehensive income		<u>(23,000)</u>	<u>2,000</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>-</u>	<u>(135,000)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>496,166</u></u>	<u><u>17,014</u></u>

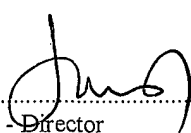
The notes form part of these financial statements

GREENCLOSE HOTELS LIMITED (REGISTERED NUMBER: 00623417)

**BALANCE SHEET
31 OCTOBER 2019**

	Notes	2019 £	2018 £
FIXED ASSETS			
Intangible assets	9	53,811	-
Tangible assets	10	1,515,090	1,007,260
Investments	11	<u>1,251,617</u>	<u>1,251,617</u>
		<u>2,820,518</u>	<u>2,258,877</u>
CURRENT ASSETS			
Stocks	12	211,473	210,901
Debtors	13	9,608,847	12,384,807
Cash at bank and in hand		<u>3,379,757</u>	<u>1,295,201</u>
		13,200,077	13,890,909
CREDITORS			
Amounts falling due within one year	14	<u>(3,359,630)</u>	<u>(3,638,412)</u>
NET CURRENT ASSETS		<u>9,840,447</u>	<u>10,252,497</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,660,965	12,511,374
CREDITORS			
Amounts falling due after more than one year	15	(216,921)	(278,469)
PROVISIONS FOR LIABILITIES	18	(134,687)	(79,714)
PENSION LIABILITY	21	<u>(791,000)</u>	<u>(791,000)</u>
NET ASSETS		<u>11,518,357</u>	<u>11,362,191</u>
CAPITAL AND RESERVES			
Called up share capital	19	1,009,448	1,009,448
Share premium	20	106,404	106,404
Retained earnings	20	<u>10,402,505</u>	<u>10,246,339</u>
SHAREHOLDERS' FUNDS		<u>11,518,357</u>	<u>11,362,191</u>

The financial statements were approved by the Board of Directors and authorised for issue on 26 October 2020 and were signed on its behalf by:



 J A C Leach - Director

The notes form part of these financial statements

GREENCLOSE HOTELS LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2019**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 November 2017	1,009,448	10,569,325	106,404	11,685,177
Changes in equity				
Dividends	-	(340,000)	-	(340,000)
Total comprehensive income	-	17,014	-	17,014
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 October 2018	1,009,448	10,246,339	106,404	11,362,191
Changes in equity				
Dividends	-	(340,000)	-	(340,000)
Total comprehensive income	-	496,166	-	496,166
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 October 2019	<u>1,009,448</u>	<u>10,402,505</u>	<u>106,404</u>	<u>11,518,357</u>

The notes form part of these financial statements

1. **STATUTORY INFORMATION**

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

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable to the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, the principal accounting policies adopted are set out below.

The disclosure requirements of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

Going concern

The directors have considered the impact and risk of COVID-19 on the company and on the company's prospects, recognising the high degree of uncertainty. The directors have concluded that with the right management actions the company is a going concern for at least 12 months following the signature of the financial statements. Accordingly the directors have prepared the financial statements on this basis.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

Preparation of consolidated financial statements

The financial statements contain information about Greenclose Hotels Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Greenclose Holdings Limited, whose registered office is: Pennington House, Ridgeway Lane, Lymington, Hampshire, SO41 8AA.

Related party exemption

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

2. ACCOUNTING POLICIES - continued

Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax and sales between group companies. Turnover in respect of hotel accommodation is recognised evenly over the duration of the stay. Turnover in respect of spa and health club memberships is recognised evenly over the duration of the membership.

Goodwill

Goodwill arises in the company due to an intra-group hive up of assets and liabilities from a subsidiary company, Imperial Hotel (Llandudno) Limited, to Greenclose Hotels Limited in a prior year.

Amortisation is charged so as to allocate the cost of goodwill less its residual value over the estimated useful life, using the straight-line method. Goodwill has been fully amortised.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Website development costs are being amortised evenly over their estimated useful life of three years.

Tangible fixed assets

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

In accordance with FRS102, the directors have adopted a policy of regular revaluations of the freehold, long leasehold properties and integral fixed plant. These are to be on an open market for existing use basis and include goodwill. If the resultant valuation departs significantly from the value shown within the financial statements the leasehold and freehold properties will then be revalued.

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

Leasehold property	- Over the period of the lease
Fixtures and fittings	- 10-33% straight line and 15% reducing balance
Computer equipment	- 33% straight line
Motor vehicles	- 25% reducing balance

Long leasehold property has been fully depreciated.

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 recognised in the income statement.

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the income statement.

Stocks

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

Stocks are valued using the FIFO basis.

2. ACCOUNTING POLICIES - continued

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Taxation

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

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

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

Hire purchase and leasing commitments

Hire purchase agreements:

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account.

Operating lease agreements:

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The company operates a defined benefit pension scheme for employees. The company has adopted the full provisions of FRS102. The standard requires the company to recognise the fair value of the pension scheme's assets and liabilities, net of the associated deferred tax credit. Scheme assets are measured at fair value. Scheme liabilities are measured using the projected unit method, and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The Greenclose Pension Fund is a funded scheme and the assets are held separately from those of the company in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to the operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the income statement and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on scheme assets is recognised in other comprehensive income. Actuarial gains and losses are recognised immediately in other comprehensive income.

In February 2016, the defined benefit pension scheme was closed to future accrual.

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

Financial assets

The Company has elected to apply the provision of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Basic financial assets, which include trade and other receivables and cash and bank balances are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financial transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Financial liabilities

Basic financial liabilities which include trade and other payables, are initially measured at transaction price and subsequently measured at amortised cost, unless the arrangement constitutes a financing transaction where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of the proceeds received net of direct issue costs. Dividend's payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

GREENCLOSE HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2019**

3. EMPLOYEES AND DIRECTORS

	2019	2018
	£	£
Wages and salaries	6,568,039	6,366,857
Social security costs	500,021	481,888
Other pension costs	322,165	238,003
	<u>7,390,225</u>	<u>7,086,748</u>

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

	2019	2018
Administration	24	23
Hotel Staff	<u>338</u>	<u>336</u>
	<u>362</u>	<u>359</u>

	2019	2018
	£	£
Directors' remuneration	407,648	397,582
Directors' pension contributions to money purchase schemes	<u>138,994</u>	<u>129,319</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2019	2018
Money purchase schemes	4	4
Defined benefit schemes	<u>1</u>	<u>1</u>

Information regarding the highest paid director is as follows:

	2019	2018
	£	£
Emoluments etc	152,388	154,200
Pension contributions to money purchase schemes	<u>38,994</u>	<u>38,273</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	2019	2018
	£	£
Other operating leases	84,349	94,577
Depreciation - owned assets	265,452	263,513
Website development costs amortisation	142	-
Auditors' remuneration	33,000	34,000
Auditors' remuneration for non audit work	28,242	33,277
Foreign exchange differences	<u>843</u>	<u>-</u>

GREENCLOSE HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2019**

4. OPERATING PROFIT - continued

Further analysis of the amounts payable to the company's auditors is given below:

	2019 £	2018 £
Fees payable to the company's auditor for the audit of the company and the consolidated financial statements	33,000	34,000
Fees payable to the company's auditor for other services:		
- Taxation services	2,950	2,950
- Other services	25,292	30,327
	<u>61,242</u>	<u>67,277</u>

5. EXCEPTIONAL ITEMS

	2019 £	2018 £
Mesothelioma claim	-	2,300
Exceptional pension fund costs	70,800	69,800
Re-financing costs	-	296,400
Exceptional consultancy fees	76,700	76,700
Exceptional legal and professional fees	42,100	28,000
Commissions relating to a prior period	-	16,000
Charter vessel recommissioning	179,700	147,600
Redundancy payments and associated costs	57,500	-
GP losses due to temporary use of hotel rooms as spa changing facilities	39,700	-
Exceptional procurement costs	6,000	-
Senspa royalty reductions relating to prior year	4,500	-
Donations	29,100	-
	<u>506,100</u>	<u>636,800</u>

The exceptional items (expenses) are not disclosed separately in the income statement.
The above items are presented by way of note for information purposes.

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £	2018 £
Loan interest	846,180	548,343
Other interest	8	5,052
Hire purchase	18,700	19,769
	<u>864,888</u>	<u>573,164</u>

All loans were hived up to the parent company, Greenclose Holdings Limited, in a prior year, however, the interest was charged to Greenclose Hotels Limited.

GREENCLOSE HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2019**

7. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the year was as follows:

	2019 £	2018 £
Current tax:		
Prior year over/under provision	-	(7,513)
Deferred tax	<u>56,973</u>	<u>(25,050)</u>
Tax on profit	<u>56,973</u>	<u>(32,563)</u>

Reconciliation of total tax charge/(credit) included in profit and loss

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

	2019 £	2018 £
Profit before tax	<u>553,139</u>	<u>119,451</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	105,096	22,696
Effects of:		
Expenses not deductible for tax purposes	17,716	5,750
Income not taxable for tax purposes	(95,000)	-
Adjustments to tax charge in respect of previous periods	-	(7,513)
Adjustments to deferred tax	-	(4,407)
Depreciation on assets not qualifying for capital allowances	1,251	650
Deferred tax on employee benefit scheme	2,000	(1,000)
Effect of change in tax rates	9,378	(9,895)
Group relief	-	(38,844)
Losses not utilised	<u>16,532</u>	-
Total tax charge/(credit)	<u>56,973</u>	<u>(32,563)</u>

Tax effects relating to effects of other comprehensive income

	Gross £	2019 Tax £	Net £
Actuarial gains on pension	<u>23,000</u>	<u>(23,000)</u>	-
	Gross £	2018 Tax £	Net £
Actuarial gains on pension	<u>(137,000)</u>	<u>2,000</u>	<u>(135,000)</u>

GREENCLOSE HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2019

8. DIVIDENDS

		2019 £	2018 £
Ordinary "B" shares of £1 each	- interim	230,000	230,000
Ordinary "C" shares of £1 each	- interim	60,000	60,000
Ordinary "D" shares of £1 each	- interim	25,000	25,000
Ordinary "E" shares of £1 each	- interim	<u>25,000</u>	<u>25,000</u>
		<u>340,000</u>	<u>340,000</u>

9. INTANGIBLE FIXED ASSETS

	Goodwill £	Website development costs £	Totals £
COST			
At 1 November 2018	750,000	-	750,000
Additions	<u>-</u>	<u>53,953</u>	<u>53,953</u>
At 31 October 2019	<u>750,000</u>	<u>53,953</u>	<u>803,953</u>
AMORTISATION			
At 1 November 2018	750,000	-	750,000
Amortisation for year	<u>-</u>	<u>142</u>	<u>142</u>
At 31 October 2019	<u>750,000</u>	<u>142</u>	<u>750,142</u>
NET BOOK VALUE			
At 31 October 2019	<u>-</u>	<u>53,811</u>	<u>53,811</u>
At 31 October 2018	<u>-</u>	<u>-</u>	<u>-</u>

GREENCLOSE HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2019**

10. TANGIBLE FIXED ASSETS

	Long leasehold £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 November 2018	219,307	3,938,831	13,974	282,992	4,455,104
Additions	-	655,738	-	117,544	773,282
Disposals	-	(11,552)	-	(11,211)	(22,763)
Reclassification/transfer	-	(48,555)	-	48,555	-
At 31 October 2019	<u>219,307</u>	<u>4,534,462</u>	<u>13,974</u>	<u>437,880</u>	<u>5,205,623</u>
DEPRECIATION					
At 1 November 2018	219,307	2,950,793	7,174	270,570	3,447,844
Charge for year	-	249,055	1,700	14,697	265,452
Eliminated on disposal	-	(11,552)	-	(11,211)	(22,763)
Reclassification/transfer	-	(46,552)	-	46,552	-
At 31 October 2019	<u>219,307</u>	<u>3,141,744</u>	<u>8,874</u>	<u>320,608</u>	<u>3,690,533</u>
NET BOOK VALUE					
At 31 October 2019	<u>-</u>	<u>1,392,718</u>	<u>5,100</u>	<u>117,272</u>	<u>1,515,090</u>
At 31 October 2018	<u>-</u>	<u>988,038</u>	<u>6,800</u>	<u>12,422</u>	<u>1,007,260</u>

11. FIXED ASSET INVESTMENTS

The company's investments at the balance sheet date in the share capital of companies include the following:

Company	Nature of business
Greenclose Management Services Limited	Dormant
Ocean Passages Limited	Dormant
Ocean Passages (Charter) Limited	Dormant
T C L Construction Limited	Dormant
Imperial Hotel (Llandudno) Limited	Dormant
Careys Manor Hotel (Brockenhurst) Limited	Dormant
Montagu Arms Hotel (Beaulieu) Limited	Dormant

All of the above companies are incorporated in England and Wales. All investments are a 100% holding of the issued share capital. The registered office and principal place of business of all subsidiaries is Pennington House, Ridgeway Lane, Lymington, Hampshire, SO41 8AA.

12. STOCKS

	2019 £	2018 £
Stocks	<u>211,473</u>	<u>210,901</u>

Stock recognised in cost of sales during the year as an expense was £1,967,229 (2018: £1,993,804).

GREENCLOSE HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2019**

13. DEBTORS

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	193,847	103,378
Amounts owed by group undertakings	8,693,515	11,487,760
Other debtors	220,405	91,637
Directors' current accounts	59,282	91,586
Prepayments and accrued income	<u>418,198</u>	<u>586,846</u>
	<u>9,585,247</u>	<u>12,361,207</u>
Amounts falling due after more than one year:		
Other debtors	<u>23,600</u>	<u>23,600</u>
Aggregate amounts	<u>9,608,847</u>	<u>12,384,807</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Hire purchase contracts (see note 16)	145,693	143,534
Trade creditors	835,611	846,247
Amounts owed to group undertakings	197,042	197,042
Social security and other taxes	759,175	774,329
Other creditors	234,110	255,244
Directors' current accounts	58,465	49,798
Accruals and deferred income	<u>1,129,534</u>	<u>1,372,218</u>
	<u>3,359,630</u>	<u>3,638,412</u>

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

	2019 £	2018 £
Hire purchase contracts (see note 16)	<u>216,921</u>	<u>278,469</u>

GREENCLOSE HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2019**

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2019	2018
	£	£
Gross obligations repayable:		
Within one year	161,077	163,046
Between one and five years	228,714	298,919
	<u>389,791</u>	<u>461,965</u>
Finance charges repayable:		
Within one year	15,384	19,512
Between one and five years	11,793	20,450
	<u>27,177</u>	<u>39,962</u>
Net obligations repayable:		
Within one year	145,693	143,534
Between one and five years	216,921	278,469
	<u>362,614</u>	<u>422,003</u>
	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	18,542	39,784
Between one and five years	8,283	15,427
	<u>26,825</u>	<u>55,211</u>

17. SECURED DEBTS

The following secured debts are included within creditors:

	2019	2018
	£	£
Hire purchase contracts	<u>362,614</u>	<u>422,003</u>

The hire purchase liability is secured against the assets to which the borrowing relates.

GREENCLOSE HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2019**

18. PROVISIONS FOR LIABILITIES

	2019 £	2018 £
Deferred tax	<u>134,687</u>	<u>79,714</u>
		Deferred tax
		£
Balance at 1 November 2018		79,714
Accelerated capital allowances		97,579
Tax losses		<u>(42,606)</u>
Balance at 31 October 2019		<u>134,687</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £	2018 £
1,007,428	Ordinary "A"	£1	1,007,428	1,007,428
1,000	Ordinary "B"	£1	1,000	1,000
1,000	Ordinary "C"	£1	1,000	1,000
10	Ordinary "D"	£1	10	10
10	Ordinary "E"	£1	10	10
			<u>1,009,448</u>	<u>1,009,448</u>

20. RESERVES

	Retained earnings £	Share premium £	Totals £
At 1 November 2018	10,246,339	106,404	10,352,743
Profit for the year	496,166	-	496,166
Dividends	<u>(340,000)</u>	<u>-</u>	<u>(340,000)</u>
At 31 October 2019	<u>10,402,505</u>	<u>106,404</u>	<u>10,508,909</u>

GREENCLOSE HOTELS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2019****21. EMPLOYEE BENEFIT OBLIGATIONS**

The Greenclose Pension Fund is a funded defined-benefit scheme, with the assets held in separate trustee administered funds. The total contributions are as noted below. The estimated value of employer contributions for the forthcoming year is £60,000.

	2019	2018
	£	£
Total contributions made		
Employer's contributions	60,000	70,000
Employee's contributions	-	-
	<u>60,000</u>	<u>70,000</u>

The amounts recognised in profit or loss are as follows:

	Greenclose Pension Fund	
	2019	2018
	£	£
Current service cost	-	-
Net interest from net defined benefit asset/liability	28,000	26,000
	<u>28,000</u>	<u>26,000</u>
Actual return on plan assets	<u>318,000</u>	<u>(63,000)</u>

Changes in the present value of the defined benefit obligation are as follows:

	Greenclose Pension Fund	
	2019	2018
	£	£
Opening defined benefit obligation	4,029,000	4,173,000
Past service cost	30,000	-
Interest cost	119,000	122,000
Actuarial (gains)/losses	252,000	(27,000)
Benefits paid	<u>(133,000)</u>	<u>(239,000)</u>
	<u>4,297,000</u>	<u>4,029,000</u>

GREENCLOSE HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2019**

21. EMPLOYEE BENEFIT OBLIGATIONS - continued

Changes in the fair value of scheme assets are as follows:

	Greenclose Pension Fund	
	2019	2018
	£	£
Opening fair value of assets	3,076,000	3,308,000
Employer's contributions	60,000	70,000
Expected return	91,000	96,000
Actuarial gains/(losses)	227,000	(159,000)
Benefits paid	<u>(133,000)</u>	<u>(239,000)</u>
	<u>3,321,000</u>	<u>3,076,000</u>

The amounts recognised in other comprehensive income are as follows:

	Greenclose Pension Fund	
	2019	2018
	£	£
Actuarial gains/(losses)	23,000	(137,000)
Income tax relating to other comprehensive income	<u>(23,000)</u>	<u>2,000</u>
	<u>-</u>	<u>(135,000)</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Greenclose Pension Fund	
	2019	2018
Equities	46%	59%
UK Government Bonds	25%	18%
Corporate Bonds	27%	21%
Cash	<u>2%</u>	<u>2%</u>
	<u>100%</u>	<u>100%</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2019	2018
Discount rate	2.20%	3.00%
Inflation (RPI)	2.90%	3.30%
Inflation (CPI)	1.90%	2.30%
Pension increases in payment (CPI)	2.10%	2.40%

GREENCLOSE HOTELS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2019****21. - continued****Defined contribution scheme**

The company operates a defined contribution pension scheme. The contributions payable during the year totalled £322,165 (2018: £238,003). Contributions totalling £34,611 (2018: £21,198) were unpaid at the balance sheet date, and are included within other creditors.

22. ULTIMATE PARENT COMPANY

Greenclose Holdings Limited is regarded by the directors as being the company's ultimate parent company.

Copies of the accounts can be obtained from the company's registered office at Pennington House, Ridgeway Lane, Lymington, Hampshire, SO41 8AA.

23. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 31 October 2019 and 31 October 2018:

	2019 £	2018 £
Miss P A Leach		
Balance outstanding at start of year	23,575	12,450
Amounts advanced	60,776	71,125
Amounts repaid	(84,450)	(60,000)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>(99)</u>	<u>23,575</u>
Mrs C R Gibson		
Balance outstanding at start of year	3,848	3,677
Amounts advanced	25,104	25,171
Amounts repaid	(28,848)	(25,000)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>104</u>	<u>3,848</u>
R A C Leach		
Balance outstanding at start of year	15,091	15,091
Amounts advanced	25,000	25,000
Amounts repaid	(25,156)	(25,000)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>14,935</u>	<u>15,091</u>

GREENCLOSE HOTELS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2019****23. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES - continued**

Ms L M Lotto		
Balance outstanding at start of year	49,072	-
Amounts advanced	-	60,000
Amounts repaid	(4,829)	(10,928)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>44,243</u>	<u>49,072</u>

Interest is being charged on the loan to Ms L M Lotto at a rate of 2.5%.

No interest is charged on the loans to the other directors.

24. RELATED PARTY DISCLOSURES**R J Haycocks**
Director

During the year, R J Haycocks provided services to the company totalling £3,243 (2018: £8,509).

Willow Beauty Products Limited

A company under the control of a close family member of J A C Leach.

During the year, Willow Beauty Products Limited provided services to the company totalling £120,000 (2018: £120,000) and sold goods to the company totalling £52,106 (2018: £13,973).

Hiley Elite Recruitment

A company under the control of the wife of J R Hiley-Jones.

During the year, Hiley Elite Recruitment provided services to the company totalling £Nil (2018: £5,600).

Spring Green London Limited

A company under the control of a close family member of J A C Leach.

During the year, Spring Green London Limited provided services to the company totalling £4,580 (2018: £2,400).

T Stowell

Close family member of J A C Leach.

During the year, T Stowell provided services to the company totalling £7,945 (2018: £Nil).

N Lofthouse

Close family member of G S Lofthouse.

During the year, the company paid sponsor fees to N Lofthouse totalling £26,232 (2018: £25,464).

25. POST BALANCE SHEET EVENTS

COVID-19 and its effects on the business represent a non-adjusting post balance sheet event.

GREENCLOSE HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2019**

26. ULTIMATE CONTROLLING PARTY

The company was under the control of Mr J A C Leach and Miss P A Leach, directors, by virtue of their majority interest in the issued share capital of the ultimate parent company.