

Registered number: 3673448

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## HISTORIC SUSSEX HOTELS LIMITED

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### DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2010

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## HISTORIC SUSSEX HOTELS LIMITED

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### COMPANY INFORMATION

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<b>Directors</b>	H N A Goodman M A Carminger L I P Carminger J S Sixsmith
<b>Company secretary</b>	J S Sixsmith
<b>Company number</b>	3673448
<b>Registered office</b>	3 Albourne Court Henfield Road West Sussex BN6 9FF
<b>Auditors</b>	Nyman Libson Paul Chartered Accountants & Statutory Auditors Regina House 124 Finchley Road London NW3 5JS

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## **HISTORIC SUSSEX HOTELS LIMITED**

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## HISTORIC SUSSEX HOTELS LIMITED

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### DIRECTORS' REPORT FOR THE PERIOD ENDED 28 NOVEMBER 2010

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The directors present their report and the audited financial statements of the group for the period ended 28 November 2010

#### Directors

The directors who served during the period were

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

#### Principal activities

The principal activity of the group is the operation of a number of quality country hotels

#### Business review

The results for the group show a pre-tax loss of £427,421 (2009 pre-tax profit of £18,172) for the period and sales of £7,176,757 (2009 £7,360,882)

The management of the group is subject to a number of risks. The key business risks and uncertainties affecting the business are considered to relate to competition from other hotels combined with the downturn in the economy

#### Results

The loss for the period, after taxation, amounted to £427,421 (2009 - profit £18,172)

#### 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

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## **HISTORIC SUSSEX HOTELS LIMITED**

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### **DIRECTORS' REPORT FOR THE PERIOD ENDED 28 NOVEMBER 2010**

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#### **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'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.

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

The directors are responsible for preparing 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 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.

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**HISTORIC SUSSEX HOTELS LIMITED**

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**DIRECTORS' REPORT  
FOR THE PERIOD ENDED 28 NOVEMBER 2010**

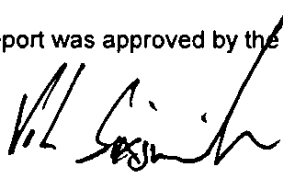
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**Provision of information to auditors**

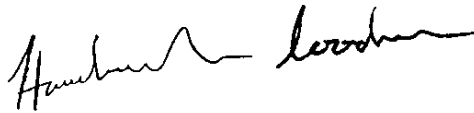
Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- 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 information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information

This report was approved by the board on 20 July 2011 and signed on its behalf



**J S Sixsmith**  
Director



**H N A Goodman**  
Director

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## **HISTORIC SUSSEX HOTELS LIMITED**

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

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We have audited the group and parent company financial statements (the "financial statements") of Historic Sussex Hotels Limited for the period ended 28 November 2010, set out on pages 6 to 27. 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 statement of directors' responsibilities, 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 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.

#### **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 28 November 2010 and of the group's loss 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.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

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**HISTORIC SUSSEX HOTELS LIMITED**

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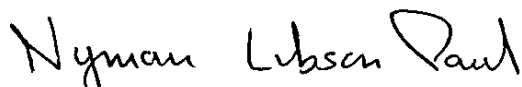
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HISTORIC SUSSEX HOTELS  
LIMITED**

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**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 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

20 July 2011



# HISTORIC SUSSEX HOTELS LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 28 NOVEMBER 2010

	Note	Period ended 28 November 2010 £	Period ended 29 November 2009 £
<b>TURNOVER</b>	1,2	7,176,757	7,360,882
Cost of sales		(2,390,574)	(2,367,469)
<b>GROSS PROFIT</b>	4	4,786,183	4,993,413
Administrative expenses		(4,881,136)	(4,702,657)
Other operating income	3	-	20,000
<b>OPERATING (LOSS)/PROFIT</b>	4	(94,953)	310,756
Interest receivable and similar income	7	58,846	21,462
Interest payable and similar charges	6	(391,314)	(314,046)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(427,421)	18,172
Tax on (loss)/profit on ordinary activities	5	-	-
<b>(LOSS)/PROFIT FOR THE FINANCIAL PERIOD</b>		(427,421)	18,172

All amounts relate to continuing operations

The notes on pages 11 to 27 form part of these financial statements

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**HISTORIC SUSSEX HOTELS LIMITED**

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**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE PERIOD ENDED 28 NOVEMBER 2010**

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	Note	Period ended 28 November 2010 £	Period ended 29 November 2009 £
<b>(LOSS)/PROFIT FOR THE FINANCIAL PERIOD</b>		<b>(427,421)</b>	<b>18,172</b>
Revaluation of freehold land and buildings		-	3,763
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE PERIOD</b>		<b>(427,421)</b>	<b>21,935</b>

The notes on pages 11 to 27 form part of these financial statements

**HISTORIC SUSSEX HOTELS LIMITED**  
**REGISTERED NUMBER 3673448**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 28 NOVEMBER 2010**

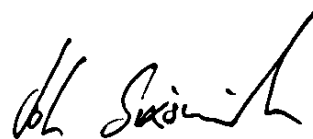
	Note	28 November 2010 £	29 November 2009 £
<b>FIXED ASSETS</b>			
Tangible assets	9	21,987,546	20,547,871
<b>CURRENT ASSETS</b>			
Stocks	11	136,617	133,785
Debtors	12	293,178	235,861
Cash at bank and in hand		4,628,644	4,515,236
		<u>5,058,439</u>	<u>4,884,882</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(1,801,780)</u>	<u>(2,476,807)</u>
<b>NET CURRENT ASSETS</b>		<u>3,256,659</u>	<u>2,408,075</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>25,244,205</u>	<u>22,955,946</u>
<b>CREDITORS: amounts falling due after more than one year</b>	14	<u>(12,316,183)</u>	<u>(9,600,536)</u>
<b>NET ASSETS</b>		<u><u>12,928,022</u></u>	<u><u>13,355,410</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	200	167
Revaluation reserve	17	13,950,912	13,950,912
Capital redemption reserve	17	4	4
Profit and loss account	17	<u>(1,023,094)</u>	<u>(595,673)</u>
<b>SHAREHOLDERS' FUNDS</b>	18	<u><u>12,928,022</u></u>	<u><u>13,355,410</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 July 2011



**H N A Goodman**  
Director

**J S Sixsmith**  
Director




The notes on pages 11 to 27 form part of these financial statements

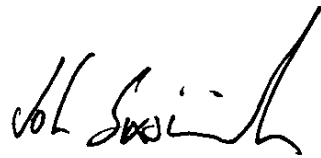
**HISTORIC SUSSEX HOTELS LIMITED**  
**REGISTERED NUMBER: 3673448**

**COMPANY BALANCE SHEET**  
**AS AT 28 NOVEMBER 2010**

	Note	28 November 2010 £	29 November 2009 £
<b>FIXED ASSETS</b>			
Tangible assets	9	108,022	148,459
Investments	10	267	267
		<u>108,289</u>	<u>148,726</u>
<b>CURRENT ASSETS</b>			
Debtors	12	9,729,741	7,398,239
Cash at bank and in hand		2,813,450	2,326,455
		<u>12,543,191</u>	<u>9,724,694</u>
<b>CREDITORS</b> amounts falling due within one year	13	<u>(348,954)</u>	<u>(292,050)</u>
<b>NET CURRENT ASSETS</b>		<u>12,194,237</u>	<u>9,432,644</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>12,302,526</u>	<u>9,581,370</u>
<b>CREDITORS</b> amounts falling due after more than one year	14	<u>(12,316,183)</u>	<u>(9,600,536)</u>
<b>NET LIABILITIES</b>		<u>(13,657)</u>	<u>(19,166)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	200	167
Profit and loss account	17	<u>(13,857)</u>	<u>(19,333)</u>
<b>SHAREHOLDERS' DEFICIT</b>	18	<u>(13,657)</u>	<u>(19,166)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 July 2011

  
**H N A Goodman**  
Director

  
**J S Sixsmith**  
Director

The notes on pages 11 to 27 form part of these financial statements

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**HISTORIC SUSSEX HOTELS LIMITED**

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**CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 28 NOVEMBER 2010**

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	Note	Period ended 28 November 2010 £	Period ended 29 November 2009 £
Net cash flow from operating activities	27	132,440	986,431
Returns on investments and servicing of finance	28	(332,468)	(292,584)
Capital expenditure and financial investment	28	(1,729,285)	(90,698)
<b>CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>		<b>(1,929,313)</b>	<b>603,149</b>
Financing	28	2,715,982	1,956,676
<b>INCREASE IN CASH IN THE PERIOD</b>		<b>786,669</b>	<b>2,559,825</b>

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**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE PERIOD ENDED 28 NOVEMBER 2010**

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	Period ended 28 November 2010 £	Period ended 29 November 2009 £
Increase in cash in the period	786,669	2,559,825
Cash inflow from increase in debt and lease financing	(2,715,949)	(1,956,676)
<b>MOVEMENT IN NET DEBT IN THE PERIOD</b>	<b>(1,929,280)</b>	<b>603,149</b>
Net debt at 30 November 2009	(5,886,298)	(6,489,447)
<b>NET DEBT AT 28 NOVEMBER 2010</b>	<b>(7,815,578)</b>	<b>(5,886,298)</b>

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The notes on pages 11 to 27 form part of these financial statements

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## HISTORIC SUSSEX HOTELS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2010

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#### 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 land and buildings and in accordance with applicable accounting standards

##### 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 goods and services supplied, exclusive of Value Added Tax

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

##### 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

Freehold properties are revalued annually. Depreciation is not provided on such 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

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## **HISTORIC SUSSEX HOTELS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2010**

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#### **1. ACCOUNTING POLICIES (continued)**

##### **1.6 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.

##### **1.7 Investments**

Investments in subsidiaries are valued at cost less provision for impairment

##### **1.8 Stock**

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

##### **1.9 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

##### **1.10 Deferred taxation**

Deferred tax reflects the requirements of FRS 19 and is provided in full where material in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes

##### **1.11 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

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## HISTORIC SUSSEX HOTELS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2010

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#### 3. OTHER OPERATING INCOME

	Period ended 28 November 2010 £	Period ended 29 November 2009 £
Net rents receivable	-	20,000

#### 4. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging

	Period ended 28 November 2010 £	Period ended 29 November 2009 £
Depreciation of tangible fixed assets		
- owned by the group	277,519	265,828
Auditors' remuneration	31,677	30,180
Operating lease rentals		
- plant and machinery	8,071	11,756
- other operating leases	63,094	108,199
Loss on sale of tangible assets	12,091	-

Auditors fees for the company were £6,000 (2009 - £5,300)

#### 5. TAXATION

No provision for corporation tax has been made as the group has estimated tax losses in excess of £1,150,000 (2009 - £1,100,000) available to carry forward against future trading profits

#### 6. INTEREST PAYABLE

	Period ended 28 November 2010 £	Period ended 29 November 2009 £
On bank loans and overdrafts	380,978	310,868
Other interest	10,336	3,177
On finance leases and hire purchase contracts	-	1



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## HISTORIC SUSSEX HOTELS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2010

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#### 7. INTEREST RECEIVABLE

	Period ended 28 November 2010 £	Period ended 29 November 2009 £
Other interest receivable	<u>58,846</u>	<u>21,462</u>

#### 8. 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 28 November 2010 £	Period ended 29 November 2009 £
Holding company's profit / (loss) for the financial period	<u>5,476</u>	<u>(3,883)</u>

**HISTORIC SUSSEX HOTELS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 28 NOVEMBER 2010**

**9. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Freehold property £</b>	<b>L/Term Leasehold Property £</b>	<b>Motor vehicles £</b>	<b>Fixtures &amp; fittings £</b>	<b>Total £</b>
<b>Cost or valuation</b>					
At 30 November 2009	16,872,126	4,559,774	261,957	3,720,961	25,414,818
Additions	1,498,059	-	60,924	220,302	1,779,285
Disposals	-	-	(118,120)	-	(118,120)
At 28 November 2010	18,370,185	4,559,774	204,761	3,941,263	27,075,983
<b>Depreciation</b>					
At 30 November 2009	64,686	1,825,741	120,670	2,855,850	4,866,947
Charge for the period	-	71,949	38,503	167,067	277,519
On disposals	-	-	(56,029)	-	(56,029)
At 28 November 2010	64,686	1,897,690	103,144	3,022,917	5,088,437
<b>Net book value</b>					
At 28 November 2010	18,305,499	2,662,084	101,617	918,346	21,987,546
At 29 November 2009	16,807,440	2,734,033	141,287	865,111	20,547,871

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

<b>Group</b>	<b>28 November 2010 £</b>	<b>29 November 2009 £</b>
Motor vehicles	101,617	141,287

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## HISTORIC SUSSEX HOTELS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2010

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#### 9. TANGIBLE FIXED ASSETS (continued)

A full revaluation of the freehold land and buildings and fixtures, fittings and equipment was carried out in June 2010 by Messrs Knight Frank, Chartered Surveyors on the basis of market value at that date. The valuation indicated no material difference to the amount shown in the financial statements. Accordingly, no change to the valuation was made.

A full revaluation of the leasehold properties, inclusive of fixtures and fittings was carried out in June 2010 by Messrs Knight Frank, Chartered Surveyors on the basis of market value at that date. The valuation indicated no material difference to the amount shown in the financial statements. Accordingly, no change to the valuation was made.

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 15.

Cost or valuation at 28 November 2010 is as follows

	Land and buildings
<b>Group</b>	
At cost	8,741,464
At valuation	
Revaluation to open market value as at 29 November 2010	14,188,495
	<u>22,929,959</u>

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

	28 November 2010 £	29 November 2009 £
<b>Group</b>		
Cost	8,741,464	7,243,405
Accumulated depreciation	(719,363)	(687,860)
Net book value	<u>8,022,101</u>	<u>6,555,545</u>

**HISTORIC SUSSEX HOTELS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 28 NOVEMBER 2010**

<b>Company</b>	<b>Motor vehicles £</b>	<b>Fixtures &amp; fittings £</b>	<b>Total £</b>
<b>Cost or valuation</b>			
At 30 November 2009	261,957	18,770	280,727
Additions	60,924	835	61,759
Disposals	(118,120)	-	(118,120)
At 28 November 2010	204,761	19,605	224,366
<b>Depreciation</b>			
At 30 November 2009	120,670	11,598	132,268
Charge for the period	38,503	1,602	40,105
On disposals	(56,029)	-	(56,029)
At 28 November 2010	103,144	13,200	116,344
<b>Net book value</b>			
At 28 November 2010	101,617	6,405	108,022
At 29 November 2009	141,287	7,172	148,459

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

<b>Company</b>	<b>28 November 2010 £</b>	<b>29 November 2009 £</b>
Motor vehicles	101,617	141,287

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## HISTORIC SUSSEX HOTELS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2010

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#### 10. FIXED ASSET INVESTMENTS

Company	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 30 November 2009 and 28 November 2010	267
<b>Net book value</b>	
At 28 November 2010	267
At 29 November 2009	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%
Beckwell Limited	Operation of a country hotel	Ordinary	100%

#### 11. STOCKS

	<u>Group</u>		<u>Company</u>	
	28 November 2010 £	29 November 2009 £	28 November 2010 £	29 November 2009 £
Finished goods and goods for resale	136,617	133,785	-	-

# HISTORIC SUSSEX HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2010

### 12. DEBTORS

	<u>Group</u>		<u>Company</u>	
	28 November 2010	29 November 2009	28 November 2010	29 November 2009
	£	£	£	£
Trade debtors	79,761	40,910	7,638	-
Amounts owed by group undertakings	-	-	9,648,586	7,365,802
Other debtors	22,252	20,226	18,858	18,578
Prepayments and accrued income	191,165	174,725	54,659	13,859
	<u>293,178</u>	<u>235,861</u>	<u>9,729,741</u>	<u>7,398,239</u>

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

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	£	£	£	£
Amounts owed by group undertakings	-	-	9,648,586	7,365,802

### 13 CREDITORS: Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	28 November 2010	29 November 2009	28 November 2010	29 November 2009
	£	£	£	£
Bank loans and overdrafts (secured)	41,974	720,685	-	5,450
Net obligations under finance leases and hire purchase contracts	86,065	80,313	86,065	80,313
Trade creditors	764,891	755,672	112,612	82,933
Social security and other taxes	264,819	280,001	70,492	72,060
Other creditors	53,441	65,132	3,399	3,399
Accruals and deferred income	590,590	575,004	76,386	47,895
	<u>1,801,780</u>	<u>2,476,807</u>	<u>348,954</u>	<u>292,050</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

# HISTORIC SUSSEX HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2010

### 14. CREDITORS

Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	28 November 2010	29 November 2009	28 November 2010	29 November 2009
	£	£	£	£
Other loans	12,280,000	9,526,202	12,280,000	9,526,202
Net obligations under finance leases and hire purchase contracts	36,183	74,334	36,183	74,334
	<u>12,316,183</u>	<u>9,600,536</u>	<u>12,316,183</u>	<u>9,600,536</u>

Included within the above are amounts falling due as follows

	<u>Group</u>		<u>Company</u>	
	28 November 2010	29 November 2009	28 November 2010	29 November 2009
	£	£	£	£
<b>Between one and two years</b>				
Other loans	397,084	-	397,084	-
<b>Between two and five years</b>				
Other loans	1,517,341	21,800	1,517,341	21,800
<b>Over five years</b>				
Other loans	10,365,575	9,504,402	10,365,575	9,504,402

Creditors include amounts not wholly repayable within 5 years as follows

	<u>Group</u>		<u>Company</u>	
	28 November 2010	29 November 2009	28 November 2010	29 November 2009
	£	£	£	£
Repayable by instalments	10,365,575	9,504,402	10,365,575	9,504,402

The loan is secured by a first legal charge over certain freehold and leasehold properties of the group and cross-company guarantees of Beckwell 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 2.6872%.

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**HISTORIC SUSSEX HOTELS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 28 NOVEMBER 2010**

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**14. CREDITORS:**

**Amounts falling due after more than one year (continued)**

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

	<b>Group</b>		<b>Company</b>	
	28 November 2010	29 November 2009	28 November 2010	29 November 2009
	£	£	£	£
Between one and five years	36,183	74,334	36,183	74,334

**15. PROVISIONS FOR LIABILITY AND CHARGES**

Deferred taxation not provided in the financial statements are as follows

	Period ended 28 November 2010	Period ended 29 November 2009
	£	£
Surplus on revaluation of land and buildings - group	2,910,000	3,545,000

**16. SHARE CAPITAL**

	28 November 2010	29 November 2009
	£	£
<b>Allotted, called up and fully paid</b>		
200 (2009 - 167) Ordinary shares shares of £1 each	200	167

During the year, the company issued 33 ordinary shares of £1 each for cash at par

**17. RESERVES**

<b>Group</b>	Capital redempt'n reserve	Revaluation reserve	Profit and loss account
	£	£	£
At 30 November 2009	4	13,950,912	(595,673)
Loss for the period			(427,421)
At 28 November 2010	4	13,950,912	(1,023,094)



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## HISTORIC SUSSEX HOTELS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2010

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#### 17. RESERVES (continued)

	Profit and loss account £
<b>Company</b>	
At 30 November 2009	(19,333)
Profit for the period	5,476
	<hr/>
At 28 November 2010	(13,857)
	<hr/>

#### 18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	28 November 2010 £	29 November 2009 £
<b>Group</b>		
Opening shareholders' funds	13,355,410	13,333,475
(Loss)/profit for the period	(427,421)	18,172
Shares issued during the period	33	-
Other recognised gains and losses during the period	-	3,763
	<hr/>	<hr/>
Closing shareholders' funds	12,928,022	13,355,410
	<hr/>	<hr/>
	28 November 2010 £	29 November 2009 £
<b>Company</b>		
Opening shareholders' deficit	(19,166)	(15,283)
Profit/(loss) for the period	5,476	(3,883)
Shares issued during the period	33	-
	<hr/>	<hr/>
Closing shareholders' deficit	(13,657)	(19,166)
	<hr/>	<hr/>

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 £5,476 (2009 - profit of £3,883)

# HISTORIC SUSSEX HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2010

### 19. CAPITAL COMMITMENTS

At 28 November 2010 the group and company had capital commitments as follows

	<u>Group</u>		<u>Company</u>	
	28 November 2010	29 November 2009	28 November 2010	29 November 2009
	£	£	£	£
Contracted for but not provided in these financial statements	5,000,000	1,100,000	-	-

### 20. 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 £98,829 (2009 - £76,105).

### 21. FINANCIAL COMMITMENTS

At 28 November 2010 the Group had annual commitments under non-cancellable operating leases as follows

	<u>Land and buildings</u>		<u>Other</u>	
	28 November 2010	29 November 2009	28 November 2010	29 November 2009
	£	£	£	£
<b>Group</b>				
<b>Expiry date:</b>				
Between 2 and 5 years	28,780	-	-	2,597
After more than 5 years	110,000	110,000	-	-

### 22. DIRECTORS' REMUNERATION

	Period ended 28 November 2010	Period ended 29 November 2009
	£	£
Emoluments	444,950	494,950
Company pension contributions to defined contribution pension schemes	56,284	54,987

During the period retirement benefits were accruing to 4 directors (2009 - 4) in respect of defined contribution pension schemes.

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## HISTORIC SUSSEX HOTELS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2010

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The highest paid director received remuneration of £253,227 (2009 - £264,446)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £11,461 (2009 - £20,000)

#### 23. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	Period ended 28 November 2010 £	Period ended 29 November 2009 £
Wages and salaries	2,946,892	2,933,011
Social security costs	240,944	256,209
Other pension costs	98,829	76,105
	<u>3,286,665</u>	<u>3,265,325</u>

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

	Period ended 28 November 2010 No	Period ended 29 November 2009 No
Management	12	15
Administration	7	8
Household and garden	174	161
	<u>193</u>	<u>184</u>

#### 24. CONTROLLING PARTY

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

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## HISTORIC SUSSEX HOTELS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2010

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#### 25. 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

During the period consultancy fees of £242,000 (2009 £286,000) and purchases of £421 (2009 - £nil) were paid by the group to Taylors Technical Services Limited, a company under common control. At the balance sheet date, creditors include £25,850 (2009 £50,600) due to Taylors Technical Services Limited

During the period rent of £20,802 (2009 £nil) was paid by the group to the Historic Sussex Hotels Self Administered Pension Scheme. Included within prepayments is £2,531 (2009 £nil) due from the Historic Sussex Hotels 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 the Historic Sussex Self Administered Pension Scheme

#### 26. FINANCIAL INSTRUMENTS

During the period, the company entered into 3 interest rate swaps. At 28 November 2010, the outstanding swaps are as follows

£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

£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 2015

£2,000,000 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 2013

The total loan under these instruments is £9,530,000 which has been disclosed in Note 14

#### 27. NET CASH FLOW FROM OPERATING ACTIVITIES

	Period ended 28 November 2010 £	Period ended 29 November 2009 £
Operating (loss)/profit	(94,953)	310,756
Depreciation of tangible fixed assets	277,519	265,828
Loss on disposal of tangible fixed assets	12,091	-
(Increase)/decrease in stocks	(2,832)	11,135
(Increase)/decrease in debtors	(57,317)	67,696
(Decrease)/increase in creditors	(2,068)	331,016
<b>Net cash inflow from operating activities</b>	<b>132,440</b>	<b>986,431</b>

**HISTORIC SUSSEX HOTELS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 28 NOVEMBER 2010**

**28. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	Period ended 28 November 2010 £	Period ended 29 November 2009 £
<b>Returns on investments and servicing of finance</b>		
Interest received	58,846	21,462
Interest paid	(391,314)	(314,045)
Hire purchase interest	-	(1)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(332,468)</b>	<b>(292,584)</b>
	Period ended 28 November 2010 £	Period ended 29 November 2009 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(1,779,285)	(94,461)
Sale of tangible fixed assets	50,000	-
Other movements	-	3,763
<b>Net cash outflow from capital expenditure</b>	<b>(1,729,285)</b>	<b>(90,698)</b>
	Period ended 28 November 2010 £	Period ended 29 November 2009 £
<b>Financing</b>		
Issue of ordinary shares	33	-
Repayment of loans	(5,450)	-
Other new loans	2,753,798	1,989,491
Repayment of finance leases	(32,399)	(32,815)
<b>Net cash inflow from financing</b>	<b>2,715,982</b>	<b>1,956,676</b>

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**HISTORIC SUSSEX HOTELS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 28 NOVEMBER 2010**

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**29. ANALYSIS OF CHANGES IN NET DEBT**

	30 November 2009 £	Cash flow £	Other non-cash changes £	28 November 2010 £
Cash at bank and in hand	4,515,236	113,408	-	4,628,644
Bank overdraft	(715,235)	673,261	-	(41,974)
	<u>3,800,001</u>	<u>786,669</u>	<u>-</u>	<u>4,586,670</u>
<b>Debt:</b>				
Debts due within one year	(85,763)	(302)	-	(86,065)
Debts falling due after more than one year	(9,600,536)	(2,715,647)	-	(12,316,183)
	<u>(5,886,298)</u>	<u>(1,929,280)</u>	<u>-</u>	<u>(7,815,578)</u>
<b>Net debt</b>	<u>(5,886,298)</u>	<u>(1,929,280)</u>	<u>-</u>	<u>(7,815,578)</u>