

Registered number: 09121021

THE BARONS EDEN GROUP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2016

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THE BARONS EDEN GROUP LIMITED

COMPANY INFORMATION

Directors

S F Joynes
S E Joynes
A Pearson
A M Elshout

Registered number

09121021

Registered office

Eden Hall Day Spa
Elston
Newark
Nottinghamshire
NG23 5PG

Independent auditors

PKF Cooper Parry Group Limited
Chartered Accountants & Statutory Auditor
Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

THE BARONS EDEN GROUP LIMITED

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THE BARONS EDEN GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2016

Introduction

The directors present their strategic report of the company and the group for the year ended 31 July 2016.

Business review

The principal activity of The Barons Eden Group Limited is Hotel and Spa owner and operator. The Barons Eden Group Limited began trading in December 2014, as a result, 2015/16 accounts reflect its first full year of trading. The group underwent a corporate restructure in June 2016 in order to provide a more simple structure that fits with the groups future expansion plans.

As part of this, and the adoption of FRS 102, the group had all properties in the group revalued resulting in a significant uplift in the book value of Eden Hall Day Spa, Nottinghamshire.

During the year, £2.2m was invested in capital expenditure across the three existing properties. £1.8m of this relating to the improvement of facilities.

A fourth property was also added to the group. Hartwells Cottage in Stow on the Wold acquired in June 2016 will add another room lettings income stream from early 2017.

Cash donations to local charities in the year were £46k with the group also donating gift vouchers and products to help with events run by worthwhile causes.

Operations currently run by The Barons Eden Group Limited are:

Hoar Cross Hall

Hoar Cross Hall Spa Hotel is a Grade II listed stately home set in 43 acres of English countryside. The Hotel & Spa offers tranquil surroundings for a relaxing spa break, as well as the perfect environment for executive meetings, weddings and events with overnight stays. The hotel has 96 bedrooms and spa facility that can welcome up to 140 guests per day.

Eden Hall Day Spa

One of the largest Day Spas in the country, Eden has an excellent reputation in the spa sector. Offering extensive treatments and facilities, indulgent food and fantastic levels of service have been at the heart of Eden's success.

Huxleys

Huxleys is a café located in the centre of Chipping Campden, with 25 internal covers, plus 25 external. In just three years of trading it has established itself as a small destination venue with an excellent reputation. The group has begun the task of renovating the adjoining property. When complete this will enable Huxleys to more than double the number of available covers and broaden its food offering. Expected completion date for this project is March 2017.

Principal risks and uncertainties

The hospitality industry is a very competitive and challenging market.

The directors believe it is important to closely monitor and compare close competitors. Marketing activity, customer reviews, facilities and financial performance are all reviewed regularly to ensure that all businesses maintain their competitive position in the market.

Heavy discounting is still prominent in the sector, both directly by competitors and third party agents. It is important that management are aware and able to respond quickly to these changes, without being dictated by them.

Undoubtedly, uncertainty in the wider economy is still a factor and will continue to be so over the coming 12 months.

THE BARONS EDEN GROUP LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2016**

Financial key performance indicators

Trading generated sales of £16.3m (2015: £10.8m for the 8 months from December to July; £16.1m full 12 months) Gross Profit margin was 53% (2015: 49%) with total labour costs at 43% (2015: 41%).

Guests to the group's properties increased marginally to 162,000 (2015: 108,000 for the 8 months from December to July; 160,000 for full 12 months).

Creditors Days reduced by 4 days to 63 days (2015: 67 days).

Future developments

Goals for 2016/17 are for the continued improvement of guest service and offerings to increase on site spend. With the majority of disruptive renovation works at Hoar Cross Hall now complete, sales and marketing activity will increase in a drive to increase occupancy levels.

Refurbishment, however, will continue throughout the coming year with plans at all sites.

Facilities will continue to be upgraded at HCH with the installation of a new kitchen and refurbishment of dining areas. The project to modernise the hotel bedrooms will also begin in 2016/17.

Eden Hall Day Spa will continue to refit all 28 treatment rooms with improvements in outdoor facilities set to begin.

Huxleys transformation from quaint café to full restaurant will continue and has a target completion date of March 2017.

This report was approved by the board and signed on its behalf.

A Pearson
Director



Date: 17 March 2017

THE BARONS EDEN GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2016

The directors present their report and the financial statements for the year ended 31 July 2016.

Directors' responsibilities statement

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements 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 financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £130,645 (2015: profit £1,939,430).

The directors did not recommended the payment of a dividend (2015: £Nil).

Directors

The directors who served during the year were:

S F Joynes
S E Joynes
A Pearson
A M Elshout

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introducing of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

THE BARONS EDEN GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2016**

Disabled employees

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Disclosure of information to auditors

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

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

This report was approved by the board and signed on its behalf.

A Pearson
Director



Date: 17 March 2017

THE BARONS EDEN GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BARONS EDEN GROUP LIMITED

We have audited the financial statements of The Barons Eden Group Limited for the year ended 31 July 2016, set out on pages 7 to 34. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 July 2016 and of the group's profit or loss 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.

Opinion on other matter prescribed by the Companies Act 2006

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

THE BARONS EDEN GROUP LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BARONS EDEN GROUP LIMITED
(CONTINUED)**

Matters on which we are required to report by exception

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

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

P. L. Sterling

Peter Sterling (Senior Statutory Auditor)

for and on behalf of

PKF Cooper Parry Group Limited

Chartered Accountants
Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Date: *24 March 2017*

THE BARONS EDEN GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2016

		31 July 2016 £	As restated 8 months ended 31 July 2015 £
	Note		
Turnover	3	16,282,158	10,842,310
Cost of sales		(7,999,136)	(5,530,007)
Gross profit		8,283,022	5,312,303
Administrative expenses		(7,631,846)	(4,583,965)
Other operating income		434,580	35,656
Operating profit	4	1,085,756	763,994
Gain on fundamental reorganisation		-	1,950,247
Interest receivable and similar income		-	50
Interest payable and similar charges	8	(1,009,793)	(717,554)
Profit before tax on ordinary activities		75,963	1,996,737
Tax on profit on ordinary activities	9	(206,608)	(58,534)
(Loss)/profit for the financial year/period		(130,645)	1,938,203
Other comprehensive income/(expenditure) for the year/period			
Unrealised surplus on revaluation of tangible fixed assets		8,528,000	-
Deferred taxation on the revaluation of tangible fixed assets		(903,371)	-
Other comprehensive income for the year/period		7,624,629	-
Total comprehensive income for the year/period		7,493,984	1,938,203
(Loss)/profit for the year/period attributable to:			
Non-controlling interests		-	(1,227)
Owners of the parent company		(130,645)	1,939,430
		(130,645)	1,938,203

The notes on pages 15 to 34 form part of these financial statements.

THE BARONS EDEN GROUP LIMITED
REGISTERED NUMBER: 09121021

CONSOLIDATED BALANCE SHEET
AS AT 31 JULY 2016

	Note	2016 £	As restated 2015 £
Fixed assets			
Intangible assets	11	(1,316,817)	(1,755,089)
Tangible assets	12	36,076,842	26,349,735
		<u>34,760,025</u>	<u>24,594,646</u>
Current assets			
Stocks	14	229,176	184,968
Debtors	15	1,318,454	816,875
Cash at bank and in hand		5,639	97,596
		<u>1,553,269</u>	<u>1,099,439</u>
Creditors: amounts falling due within one year	16	<u>(5,986,523)</u>	<u>(5,883,797)</u>
Net current liabilities		<u>(4,433,254)</u>	<u>(4,784,358)</u>
Total assets less current liabilities		30,326,771	19,810,288
Creditors: amounts falling due after more than one year	17	(15,375,269)	(13,232,836)
Provisions for liabilities			
Deferred tax		<u>(988,051)</u>	<u>(109,212)</u>
Net assets		<u><u>13,963,451</u></u>	<u><u>6,468,240</u></u>
Capital and reserves			
Called up share capital	20	1,000	1,000
Revaluation reserve	21	7,624,629	-
Other reserves	21	3,237,525	3,971,207
Profit and loss account	21	3,100,297	2,497,260
Equity attributable to owners of the parent company		<u>13,963,451</u>	<u>6,469,467</u>
Minority interests	22	-	(1,227)
		<u><u>13,963,451</u></u>	<u><u>6,468,240</u></u>

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

A Pearson
Director

Date: 17 March 2017

The notes on pages 15 to 34 form part of these financial statements.

THE BARONS EDEN GROUP LIMITED
REGISTERED NUMBER: 09121021

COMPANY BALANCE SHEET
AS AT 31 JULY 2016

	Note	2016 £	As restated 2015 £
Fixed assets			
Tangible assets	12	15,783	880,149
Investments	13	2	1,760,741
		<u>15,785</u>	<u>2,640,890</u>
Current assets			
Debtors	15	8,315,788	311,938
Cash at bank and in hand		-	654
		<u>8,315,788</u>	<u>312,592</u>
Creditors: amounts falling due within one year	16	<u>(2,055,551)</u>	<u>(442,048)</u>
Net current assets/(liabilities)		<u>6,260,237</u>	<u>(129,456)</u>
Total assets less current liabilities		<u>6,276,022</u>	<u>2,511,434</u>
Creditors: amounts falling due after more than one year	17	<u>(15,249,800)</u>	<u>(1,303,445)</u>
Net (liabilities)/assets		<u><u>(8,973,778)</u></u>	<u><u>1,207,989</u></u>
Capital and reserves			
Called up share capital	20	1,000	1,000
Other reserves	21	3,237,525	1,264,774
Profit and loss account	21	<u>(12,212,303)</u>	<u>(57,785)</u>
		<u><u>(8,973,778)</u></u>	<u><u>1,207,989</u></u>

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

A Pearson
Director



Date:

17 March 2017

THE BARONS EDEN GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2016**

	Called up share capital £	Revaluation reserve £	Other reserves £	Profit and loss account £	Total equity attributable to owners of parent company £	Minority interests £	Total equity £
At 1 August 2015 (as previously stated)	1,000	-	-	2,497,260	2,498,260	(1,227)	2,497,033
Prior year adjustment	-	-	3,971,207	-	3,971,207	-	3,971,207
At 1 August 2015 (as restated)	<u>1,000</u>	<u>-</u>	<u>3,971,207</u>	<u>2,497,260</u>	<u>6,469,467</u>	<u>(1,227)</u>	<u>6,468,240</u>
Loss for the year	-	-	-	(130,645)	(130,645)	-	(130,645)
Surplus on revaluation of freehold property	-	8,528,000	-	-	8,528,000	-	8,528,000
Deferred taxation provision relating to revalued tangible fixed assets	-	(903,371)	-	-	(903,371)	-	(903,371)
Disposal of minority interest	-	-	-	-	-	1,227	1,227
Transfer between reserves for the notional interest charged on directors loans	-	-	(733,682)	733,682	-	-	-
At 31 July 2016	<u>1,000</u>	<u>7,624,629</u>	<u>3,237,525</u>	<u>3,100,297</u>	<u>13,963,451</u>	<u>-</u>	<u>13,963,451</u>

The prior year adjustment, required under FRS 102, relates to the benefit received by the group as a result of the substantial interest free loans received from certain of its directors. The benefit, which is more fully explained in notes 1.9 and 27, represents the difference between the nil interest charged by the directors and the estimated market rates which would have been paid had the group sourced such funding on the open market.

THE BARONS EDEN GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2015**

	Called up share capital £	Other reserves £	Profit and loss account £	Total equity attributable to owners of parent company £	Minority interests £	Total equity £
At 8 July 2014 (on incorporation)	-	-	-	-	-	-
Profit for the period	-	-	1,939,430	1,939,430	-	1,939,430
Capital contribution	-	4,529,037	-	4,529,037	-	4,529,037
Shares issued during the period	1,000	-	-	1,000	-	1,000
Minority interests acquired	-	-	-	-	(1,227)	(1,227)
Transfer between reserves for the notional interest charged on directors loans	-	(557,830)	557,830	-	-	-
At 31 July 2015	1,000	3,971,207	2,497,260	6,469,467	(1,227)	6,468,240

The notes on pages 15 to 34 form part of these financial statements.

THE BARONS EDEN GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2016**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 August 2015 (as previously stated)	1,000	-	(57,785)	(56,785)
Prior year adjustment	-	1,264,774	-	1,264,774
At 1 August 2015 (as restated)	<u>1,000</u>	<u>1,264,774</u>	<u>(57,785)</u>	<u>1,207,989</u>
Loss for the year	-	-	(12,401,929)	(12,401,929)
Capital contribution	-	2,220,162	-	2,220,162
Transfer between reserves for the notional interest charged on directors loans	-	(247,411)	247,411	-
At 31 July 2016	<u>1,000</u>	<u>3,237,525</u>	<u>(12,212,303)</u>	<u>(8,973,778)</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2015**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
Loss for the period	-	-	(170,204)	(170,204)
Capital contribution	-	1,377,193	-	1,377,193
Shares issued during the period	1,000	-	-	1,000
Transfer between reserves for the notional interest charged on directors loans	-	(112,419)	112,419	-
At 31 July 2015	<u>1,000</u>	<u>1,264,774</u>	<u>(57,785)</u>	<u>1,207,989</u>

The notes on pages 15 to 34 form part of these financial statements.

THE BARONS EDEN GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2016**

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	(130,645)	1,938,203
Adjustments for:		
Amortisation of intangible assets	(438,272)	(436,272)
Depreciation of tangible assets	1,394,499	710,073
Profit on disposal of tangible assets	(3,425)	(161)
Interest paid	1,009,792	717,554
Interest received	-	(50)
Taxation charge	206,608	58,534
Increase in stocks	(44,208)	(184,968)
Increase in debtors	(501,581)	(816,875)
Increase in creditors	330,963	6,469,177
Corporation tax received	-	314
Net cash generated from operating activities	<u>1,823,731</u>	<u>8,455,529</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	-	2,191,361
Purchase of tangible fixed assets	(2,536,181)	(27,059,808)
Sale of tangible fixed assets	6,000	161
Interest received	-	50
Hire purchase interest paid	(15,109)	(4,505)
Net debt acquired on reorganisation	-	8,673,066
Net cash from investing activities	<u>(2,545,290)</u>	<u>(16,199,675)</u>

THE BARONS EDEN GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2016**

	2016 £	2015 £
Cash flows from financing activities		
Issue of ordinary shares	-	1,000
New secured bank loans	11,970,000	950,000
Repayment of bank loans	(10,574,871)	(18,192)
Hire purchase agreements acquired on reorganisation	-	220,609
Repayments of hire purchase agreements	(73,106)	-
Loans (repaid to) / from directors	(452,501)	6,843,544
Interest paid	(261,001)	(155,219)
Net cash used in financing activities	<u>608,521</u>	<u>7,841,742</u>
Net (decrease)/increase in cash and cash equivalents	<u>(113,038)</u>	<u>97,596</u>
Cash and cash equivalents at beginning of year	97,596	-
Cash and cash equivalents at the end of year	<u><u>(15,442)</u></u>	<u><u>97,596</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	5,639	97,596
Bank overdrafts	(21,081)	-
	<u><u>(15,442)</u></u>	<u><u>97,596</u></u>

The notes on pages 15 to 34 form part of these financial statements.

THE BARONS EDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

1. Accounting policies

The Barons Eden Group Limited (the company) and its subsidiary undertakings (the group) are limited liability companies incorporated and domiciled in the United Kingdom. The address of the registered office is disclosed on the company information page. The financial statements are prepared in Sterling (£) which is the functional currency of the group and are prepared for a period of 52 weeks ended 31 July 2016 (2015: 38 weeks ended 31 July 2015).

1.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The group transitioned from previously extant UK GAAP to FRS 102 as at 1 December 2014. An explanation of how transition to FRS 102 has affected the reported financial position is given in note 27.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement, complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

A reclassification of expenses between cost of sales and administrative expense has been made in the statement of comprehensive income in the prior year which is considered necessary to better reflect the group's operations. As a result of this reclassification, cost of sales in the prior year have decreased by £450,749 and administrative expenses have increased by £450,749. There is no impact on the reported profit in the prior period.

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of The Barons Eden Group Limited and all of its subsidiary undertakings ('subsidiaries').

The consolidated financial statements incorporate the results of business combinations using the equity accounting method. In the balance sheet, the acquires' identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

THE BARONS EDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

1. Accounting policies (continued)

1.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Sale of goods

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company, and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided when the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the service will flow to the company and the costs incurred and the costs to complete the service can be measured reliably.

1.4 Intangible assets

Negative goodwill

Negative goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Negative goodwill is released to the statement of comprehensive income over the periods expected to be impacted by the group reorganisation which is estimated at five years.

1.5 Tangible fixed assets

Tangible fixed assets are stated at historical cost or valuation less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

THE BARONS EDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

1. Accounting policies (continued)

1.5 Tangible fixed assets (continued)

Depreciation is provided on the following basis:

Freehold property	- 2% per annum
Plant and machinery	- over periods from 2-10 years
Fixtures and fittings	- over periods from 3-10 years
Motor vehicles	- over 2 to 3 years
Computer equipment	- over periods from 3-10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

At each balance sheet date, the company reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Any impairment loss is recognised as an expense in the statement of comprehensive income immediately.

1.6 Stocks

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

1.7 Revaluation of tangible fixed assets

Individual freehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. This represents a change in accounting policy as previously the group's freehold properties were carried at cost. Revaluations will be undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the consolidated statement of comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in the statement of comprehensive income.

THE BARONS EDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

1. Accounting policies (continued)

1.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

1.9 Basic financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, loans from banks and other third parties and loans to and from related parties.

All financial assets and liabilities are initially measured at transaction price and subsequently measured at amortised cost.

Basic debt instruments are measured at amortised cost using the effective interest rate method. The group has substantial interest free borrowings from certain of its directors. Such transactions are measured at the present value of future cash flows, discounted at a market rate of interest that would apply to similar debt instruments. The difference that arises represents a capital contribution from the directors at transition and has been recognised within other reserves in the group and company balance sheet.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the balance sheet date.

1.10 Pensions

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

1.11 Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

THE BARONS EDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

1. Accounting policies (continued)

1.12 Hire purchase and finance leases

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

1.13 Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

1.14 Current and deferred taxation

The tax charge for the year comprises of current and deferred tax.

Current tax is recognised for the amount of corporation tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

1.15 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the group but are presented separately due to their size or incidence.

THE BARONS EDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The group makes estimates and assumptions concerning the future. Management are also required to exercise judgement in the process of applying the group's accounting policies. These are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Depreciation and residual values

The directors have reviewed the asset lives and associated residual values of all fixed asset classes, and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and project disposal values.

Impairment of non-current assets

The directors assess the impairment of tangible fixed assets subject to depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

- Significant underperformance relative to historical or projected future operating results;
- Significant changes in the manner of the use of the acquired assets or the strategy for the overall business; and
- Significant negative industry or economic trends.

Carrying value of stocks

Management review the market value of and demand for the group's stocks on a regular basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stocks. Management use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the group's products and achievable selling prices.

Recoverability of trade debtors

Trade and other debtors are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of provision required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain.

Management makes allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the statement of comprehensive income.

Leases

The directors determine whether leases entered into are an operating lease or a finance lease. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the group on a lease by lease basis based on an evaluation of the terms and conditions of the arrangements, and accordingly whether the lease requires an asset and a liability to be recognised in the balance sheet.

THE BARONS EDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

2. Judgements in applying accounting policies (continued)

Provisions

A provision is recognised when the group has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Whether a present obligation is probable or not requires judgement. The nature and type of risks for these provisions differ and management's judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

Financial instruments

In estimating the net present value of the future cash flows in connection with the interest free loans made to the group by certain of its directors, the directors have assessed the market rate of interest that would apply covering different maturity dates over a 16 year period. The directors have used a composite single rate of 10% which they believe is a reasonable estimate of the market rate which would be applicable to debt instruments of a similar time, risk and subordination profile.

Taxation

There are many transactions and calculations for which the ultimate tax determination is uncertain. The group recognises liabilities for the anticipated tax issues based on estimates of whether additional taxes will be due, after taking appropriate professional advice.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing an level of future taxable profits.

3. Turnover

The whole of the turnover is attributable to the group's principal activities, which are considered to arise from only one business segment.

All turnover arose within the United Kingdom.

4. Operating profit

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

	31 July 2016 £	As restated 8 months ended 31 July 2015 £
Depreciation of tangible fixed assets: owned	1,320,835	684,166
Depreciation of tangible fixed assets: leased	73,664	25,907
Profit on disposal of tangible fixed assets	(3,425)	(161)
Release of negative goodwill	(438,272)	(436,272)
Auditors' remuneration	38,163	27,282
Operating lease payments - other	20,500	14,509
Redundancy costs	139,200	-

THE BARONS EDEN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

5. Employees

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

	31 July 2016 £	8 months ended 31 July 2015 £
Wages and salaries	6,473,073	4,259,251
Social security costs	374,529	112,342
Pension costs	98,294	97,994
	<u>6,945,896</u>	<u>4,469,587</u>

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

	31 July 2016 No.	8 months ended 31 July 2015 No.
Management, administration & support	77	74
Other departments	358	386
	<u>435</u>	<u>460</u>

6. Directors' remuneration

	31 July 2016 £	8 months ended 31 July 2015 £
Directors' emoluments	523,677	318,181

The highest paid director received remuneration of £284,782 (2015: £194,814)..

THE BARONS EDEN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

7. Gain on fundamental reorganisation

	31 July 2016 £	8 months ended 31 July 2015 £
Redundancy and other costs	-	(148,781)
Waiver of interest	-	2,099,028
	<u>-</u>	<u>1,950,247</u>

Exceptional items shown within the consolidated profit and loss account relate to redundancy and other costs incurred as the group had revised its operations coupled with the waiver of interest attaching to directors loan notes acquired as part of the group restructure in the prior year.

These costs and credits are not expected to be incurred in the future.

8. Interest payable and similar charges

	31 July 2016 £	As restated 8 months ended 31 July 2015 £
Bank interest payable	2,748	96,505
Bank loan interest payable	258,246	53,263
Other loan interest payable	8	5,451
Directors notional loan interest (see note 27)	733,682	557,830
Finance leases and hire purchase contracts	15,109	4,505
	<u>1,009,793</u>	<u>717,554</u>

THE BARONS EDEN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

9. Taxation

	31 July 2016 £	8 months ended 31 July 2015 £
Corporation tax		
Current tax on profits for the year	231,140	-
	<u>231,140</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(24,532)	58,534
Taxation on profit on ordinary activities	<u>206,608</u>	<u>58,534</u>

Factors affecting tax charge for the year/period

The tax assessed for the year is higher than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 20%). The differences are explained below:

	31 July 2016 £	8 months ended 31 July 2015 £
Profit on ordinary activities before tax	75,963	1,996,737
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20%)	15,193	399,347
Effects of:		
Expenses not deductible for tax purposes	45,534	1,784
Interest on directors loans not deductible for tax purposes	146,736	111,566
Fixed asset differences	11,984	(34,358)
Non trade losses utilised	-	(419,805)
Deferred tax differences	(12,839)	-
Total tax charge for the year/period	<u>206,608</u>	<u>58,534</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

THE BARONS EDEN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

10. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The loss after tax of the parent company for the year/period was £12,401,929 (2015: loss £170,204 as restated).

11. Intangible assets

Group

	Goodwill £
Cost	
At 1 August 2015 and 31 July 2016	(2,191,361)
Amortisation	
At 1 August 2015	(436,272)
Charge for the year	(438,272)
At 31 July 2016	(874,544)
Net book value	
At 31 July 2016	(1,316,817)
At 31 July 2015	(1,755,089)

THE BARONS EDEN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

12. Tangible fixed assets

Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost or valuation						
At 1 August 2015	23,814,670	801,369	2,341,725	36,535	65,509	27,059,808
Additions	975,945	371,288	1,170,896	70,000	8,052	2,596,181
Disposals	-	(6,438)	(1,500)	-	-	(7,938)
Revaluations	8,015,470	-	-	-	-	8,015,470
At 31 July 2016	<u>32,806,085</u>	<u>1,166,219</u>	<u>3,511,121</u>	<u>106,535</u>	<u>73,561</u>	<u>37,663,521</u>
Depreciation						
At 1 August 2015	282,215	96,476	306,540	4,788	20,054	710,073
Charge for the period on owned assets	429,558	332,517	609,264	21,568	1,592	1,394,499
Disposals	-	(3,863)	(1,500)	-	-	(5,363)
On revalued assets	(512,530)	-	-	-	-	(512,530)
At 31 July 2016	<u>199,243</u>	<u>425,130</u>	<u>914,304</u>	<u>26,356</u>	<u>21,646</u>	<u>1,586,679</u>
Net book value						
At 31 July 2016	<u>32,606,842</u>	<u>741,089</u>	<u>2,596,817</u>	<u>80,179</u>	<u>51,915</u>	<u>36,076,842</u>
At 31 July 2015	<u>23,532,455</u>	<u>704,893</u>	<u>2,035,185</u>	<u>31,747</u>	<u>45,455</u>	<u>26,349,735</u>

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

	2016 £	2015 £
Plant and machinery	158,895	212,760
Motor vehicles	80,179	31,747
	<u>239,074</u>	<u>244,507</u>

THE BARONS EDEN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

12. Tangible fixed assets (continued)

If the freehold property had not been included at valuation they would have been included under the historical cost convention as follows:

	2016 £	2015 £
Group		
Cost	24,790,615	23,814,670
Accumulated depreciation	(711,773)	(282,215)
Net book value	<u>24,078,842</u>	<u>23,532,455</u>

The group's principle freehold properties, Hoar Cross Hall and Eden Hall Day Spa were revalued as at 31 July 2016 by Sanderson Weatherall LLP on an open market value for existing use basis. These valuations are included within the carrying values above.

As noted on page 17 of these financial statements, the group has changed its accounting policy for freehold properties such that that are now carried at valuation as opposed to original cost. This change took place on 31 July 2016. As such, the change in policy has had no impact upon the depreciation charge or reported profit for the period.

Company

	Freehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 August 2015	893,833	-	-	893,833
Additions	505,073	13,368	6,327	524,768
Disposals	(1,398,906)	-	-	(1,398,906)
At 31 July 2016	<u>-</u>	<u>13,368</u>	<u>6,327</u>	<u>19,695</u>
Depreciation				
At 1 August 2015	13,684	-	-	13,684
Charge for the period on owned assets	37,916	2,644	1,268	41,828
Disposals	(51,600)	-	-	(51,600)
At 31 July 2016	<u>-</u>	<u>2,644</u>	<u>1,268</u>	<u>3,912</u>
Net book value				
At 31 July 2016	<u>-</u>	<u>10,724</u>	<u>5,059</u>	<u>15,783</u>
At 31 July 2015	<u>880,149</u>	<u>-</u>	<u>-</u>	<u>880,149</u>

THE BARONS EDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

13. Fixed asset investments

Direct subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
BEG Operating Limited	England and Wales	Ordinary	100 %	Holding company
BEG Property Limited	England and Wales	Ordinary	100 %	Holding company

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Huxleys Property Limited	England and Wales	Ordinary	100 %	Letting and operating of real estate
HCH Property Limited	England and Wales	Ordinary	100 %	Letting and operating of real estate
Barons Huxleys Limited	England and Wales	Ordinary	100 %	Restaurant
Eden Hall Day Spa Limited	England and Wales	Ordinary	100 %	Day spa
Hartwells Property Limited	England and Wales	Ordinary	100 %	Letting and operating of real estate
Hoar Cross Hall Limited	England and Wales	Ordinary	100 %	Day spa and hotel
Willoughby (890) Limited	England and Wales	Ordinary	100 %	Letting and operating of real estate

THE BARONS EDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

13. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 August 2015	1,760,741
Additions	2
Disposals	(100)
At 31 July 2016	<u>1,760,643</u>
Impairment	
Charge for the period	<u>1,760,641</u>
At 31 July 2016	<u>1,760,641</u>
Net book value	
At 31 July 2016	<u>2</u>
At 31 July 2015	<u>1,760,741</u>

On 22 June 2016 the group undertook a group reorganisation.

As part of the reorganisation, the company's subsidiary undertakings Barons EDS Limited, Barons HCH Limited and The Tree & Hedge Company Limited were applied to be dissolved and as a result the cost of those investments has been reflected as an impairment in the year.

Further to the group reorganisation two new subsidiary entities were incorporated, BEG Operating Limited and BEG Property Limited.

On the same date, the company's investment in Barons Huxley Limited was sold to another group company BEG Operating Limited for £100.

14. Stocks

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Goods for resale	<u>229,176</u>	<u>184,968</u>	<u>-</u>	<u>-</u>

Stock recognised in cost of sales during the year as an expense was £2,395,448 (2015: £2,017,351).

An impairment loss of £3,000 (2015: £Nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

THE BARONS EDEN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

15. Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	396,844	160,149	264	-
Amounts owed by group undertakings	-	-	8,050,654	277,753
Other debtors	412,118	140,433	229,002	26,246
Prepayments and accrued income	509,492	516,293	35,868	7,939
	<u>1,318,454</u>	<u>816,875</u>	<u>8,315,788</u>	<u>311,938</u>

An impairment loss of £8,678 (2015: £7,664) was recognised in administrative expenses against trade debtors during the year.

16. Creditors: Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank overdrafts	21,081	-	42,545	-
Bank loans	52,313	635,888	52,313	52,184
Trade creditors	1,721,500	1,794,878	134,417	112,687
Amounts owed to group undertakings	-	-	1,276,276	273,580
Corporation tax	231,454	314	-	-
Other taxation and social security	668,273	496,283	-	-
Obligations under finance lease and hire purchase contracts	82,034	65,191	-	-
Other creditors	557,383	586,256	540,000	-
Accruals and deferred income	2,652,485	2,304,987	10,000	3,597
	<u>5,986,523</u>	<u>5,883,797</u>	<u>2,055,551</u>	<u>442,048</u>

The bank overdrafts and loans are secured by way of a fixed and floating charge over the assets of the group, both existing and future.

Obligations under finance lease and hire purchase contracts are secured on the assets to which they relate to.

Included within other creditors is £540,000 (2015: £452,501) due to certain directors.

THE BARONS EDEN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

17. Creditors: Amounts falling due after more than one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank loans	10,947,687	8,968,987	10,947,687	879,624
Obligations under finance lease and hire purchase contracts	125,469	155,418	-	-
Other creditors	4,302,113	4,108,431	4,302,113	423,821
	<u>15,375,269</u>	<u>13,232,836</u>	<u>15,249,800</u>	<u>1,303,445</u>

The bank loans are secured by way of a fixed and floating charge over the assets of the group, both existing and future.

Obligations under finance lease and hire purchase contracts are secured on the assets to which they relate to.

Included within other creditors is £4,302,113 (2015: £4,108,431) due to certain directors.

18. Loans

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Amounts falling due within one year				
Bank loans	52,313	635,888	52,313	52,184
Directors loans	540,000	452,501	540,000	-
Amounts falling due 1-2 years				
Bank loans	1,305,140	52,184	1,305,140	52,184
Directors loans	540,000	540,000	540,000	-
Amounts falling due 2-5 years				
Bank loans	1,385,035	8,264,197	1,385,035	174,834
Directors loans	1,620,000	1,620,000	1,620,000	-
Amounts falling due after more than 5 years				
Bank loans	8,257,512	652,606	8,257,512	652,606
Directors loans	2,142,113	1,948,431	2,142,113	423,821
	<u>15,842,113</u>	<u>14,165,807</u>	<u>15,842,113</u>	<u>1,355,629</u>

The bank loan of £11,000,000 incurs an interest rate of 3.03% and is due for repayment in June 2031.

The directors loans of £4,842,113 (2015: £4,560,932) are interest free and have been accounted for as describe in note 1.9.

THE BARONS EDEN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

19. Deferred taxation

Group

	2016 £
At beginning of year	109,212
Charged to the profit and loss account	24,532
Charged to other comprehensive income	903,371
At end of year	988,051

	Group 2016 £	Group 2015 £
Accelerated capital allowances	84,680	109,212
Deferred tax on revaluation of property	903,371	-
	988,051	109,212

20. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
490 Ordinary B shares of £1 each	490	490
327 Ordinary A1 shares of £1 each	327	327
183 Ordinary A2 shares of £1 each	183	183
	1,000	1,000

THE BARONS EDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

21. Reserves

Revaluation reserve

The revaluation reserve represents amounts revalued in relation to freehold property.

Other reserves

Other reserves represents capital contributions in respect of directors loans (see note 27).

Profit and loss account

This reserve represents all current and prior period retained profit and losses after the payment of dividends.

22. Minority interests

The minority interest represented a 10% share of a subsidiary undertaking The Tree & Hedge Company Limited, a company which was dissolved on 29 November 2016.

23. Contingent liabilities

Company

The company is party to a company composite guarantee with fellow group companies related to group bank borrowings. This is secured by a fixed and floating charge over group company assets. At the balance sheet the company's guarantee amounted to £Nil (2015: £8,673,067).

24. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £98,294 (2015: £97,994).

Contributions totalling £8,392 (2015: £Nil) were payable to the fund at the balance sheet date.

25. Related party transactions

The company has taken advantage of the exemptions available under FRS 102 section 33.1A to not disclose transactions or balances with wholly owned group entities.

During the year purchases of £291,854 (2015: £450,344) were made from companies in which a shareholder and director of the company had an interest. At the year end the group owed £nil (2015: £16,714) to those companies.

During the year £68,000 (2015: £45,000) was paid to close family members of certain of the directors.

Remuneration of key management personnel including directors during the year amounted to £590,334 (2015: £362,619).

26. Controlling party

At the year end The Barons Eden Group Limited is controlled by the directors by virtue of their shareholding.

THE BARONS EDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

27. First time adoption of FRS 102

The group and company transitioned to FRS 102 from previously extant UK GAAP as at 1 December 2014. The impact of the transition to FRS 102 is as follows:

Reconciliation of equity at 31 July 2015

	Note	Group £	Company £
Equity at 31 July 2015 under previous UK GAAP		2,497,033	(56,785)
Capital contribution		4,529,037	1,377,193
Directors loan interest payable		(557,830)	(112,419)
Equity shareholders funds at 31 July 2015 under FRS 102		6,468,240	1,207,989

Reconciliation of profit and loss account for the period ended 31 July 2015

		Group £	Company £
Profit/(loss) for the year under UK GAAP		2,497,260	(57,785)
Directors loan interest payable		(557,830)	(112,419)
Profit/(loss) for the year ended 31 July 2015 under FRS 102		1,939,430	(170,204)

Note:

1 Capital contribution

FRS 102 requires that basic debt instruments, including directors loans, be measured at amortised cost using the effective interest rate method. Such transactions must be measured at the present value of future cash flows, discounted at a market rate of interest that would apply to similar debt instruments. As the directors loans are interest free a notional market rate of 10% has been applied in calculating the present value of future cash flows. The difference that arises represents a capital contribution from the directors at transition and has been recognised within the group and company balance sheet.

2 Directors loan interest payable

The notional interest applicable to the directors loans to measure them at their present value has been recognised as an expense in the statement of comprehensive income.