

Registered number: 09121021

THE BARONS EDEN GROUP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2017

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THE BARONS EDEN GROUP LIMITED

COMPANY INFORMATION

Directors

S F Joynes
S E Joynes
A Pearson
A M Elshout
C Winfield (appointed 10 July 2017)

Registered number

09121021

Registered office

The Bull Pen
Churchill Heath Farm
Kingham
Chipping Norton
OX7 6UJ

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 2017

Introduction

The directors present their strategic report of the company and the group for the year ended 31 July 2017.

Business review

The principal activity of The Barons Eden Group Limited is owner and operator of various hospitality businesses.

Following its formation in November 2014, to combine two previously separate entities, the group has invested heavily. The acquisition of two further trading entities alongside investment in the existing properties has given the group a strong portfolio to create future growth.

The group are continuing to invest in building a central function to aid growth and find efficiency savings in existing operations. The board are keen to build an infrastructure that positions the group to take advantage of further acquisition opportunities.

As part of this project, a head office has been set up, located in Kingham, Oxfordshire, hosting central aspects of management, finance, sales, marketing and design function.

During the year, £4.4m was invested in capital expenditure across the group.

This included the addition of The Dial House Hotel, a trading hotel in Bourton on the Water and The Old Bank, a vacant property in Moreton in Marsh.

The renovation of Huxleys restaurant, Chipping Campden was also completed in June 2017, resulting in a restaurant of 100 covers.

Investment also continued to refurbish both Hoar Cross Hall and Eden Hall Day Spa.

Operations currently run by The Barons Eden Group are;

Hoar Cross Hall

Hoar Cross Hoar 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 35 treatment rooms.

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 restaurant located in the centre of Chipping Campden. In just four years of trading it has established itself as a destination venue with an excellent reputation. Following extensive renovation and extension in to the adjacent building, Huxleys now offers 65 internal and 35 external covers.

The Dial House

Purchased in April 2017, The Dial House is perfectly positioned on Bourton on the Water High Street. Offering 14 letting rooms, 2 dining rooms, lounge area and generous outdoor space, there is plenty of potential for additional income. Modernisation of both bedrooms and public areas is required and will commence Winter 2017.

THE BARONS EDEN GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2017

Principal risks and uncertainties

The hospitality industry is a very competitive and challenging market.

The Directors believe it is important to monitor and compare closely 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.

Cost pressures caused by food inflation rates currently at 4% (October 2017) and the continued increased costs of employment are additional challenges that the group faces over the coming year. However, review of menus and suppliers has enabled the group to mitigate these increased costs.

Financial key performance indicators

Trading generated sales of £17.1m (2016: £16.3m), Gross Profit margin was 50% (2016: 51%) with total labour costs at 42% (2016: 43%).

EBITDA - the group's primary measure of profitability held at £2.0m (2016: £2.0m).

Due to change in the group during the year relating to the conclusion of the corporate restructure and relocation of services there were a number of non recurring costs during the year. These total £0.4m (2016: £0.1m) and can be summarised as:

Legal & Consultancy	£0.2m
Staff redundancy & relocation	£0.1m (2016: £0.1m)
Other non-recurring costs	£0.1m

EBITDA after the above non recurring costs show an increase to £2.4m (2016: £2.1m).

THE BARONS EDEN GROUP LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2017**

Future developments

Goals for 2017/18 are:

- Continued improvement of guest service and offerings to increase on site spend.
- Full implementation of Procure Wizard software to aid purchasing procedures and streamline suppliers.
- Reduction of expenditure through review of all costs and identification of savings.
- Continue to improve infrastructure to position the group favourably for future expansion.

Although reduced from previous years, refurbishment will continue throughout the coming year, planned major projects include:

- Completion of main kitchen installation (Hoar Cross Hall)
- Completion of treatment rooms refurbishment (Eden Hall Day Spa)
- Modernisation of Bedrooms and Public Areas (Dial House Hotel)
- Renovation of The Old Bank, Moreton in Marsh, into a restaurant/bar.
- Modernisation of bedrooms and dining room (Hoar Cross Hall).

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



A Pearson
Director

Date: 27/4/18

THE BARONS EDEN GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2017

The directors present their report and the financial statements for the year ended 31 July 2017.

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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 £491,969 (2016: loss £130,645).

The directors do not recommend the payment of a dividend (2016: £Nil).

Directors

The directors who served during the year are detailed on the company's information page.

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.

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.

THE BARONS EDEN GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2017**

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: 27/4/18

THE BARONS EDEN GROUP LIMITED

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

Opinion

We have audited the financial statements of The Barons Eden Group Limited for the year ended 31 July 2017, set out on pages 9 to 36. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 July 2017 and of the Group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

THE BARONS EDEN GROUP LIMITED

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report and the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

THE BARONS EDEN GROUP LIMITED

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

PKF Cooper Parry Group Limited

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: *30 April 2018*

THE BARONS EDEN GROUP LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2017**

	Note	2017 £	2016 £
Turnover	1,3	17,062,681	16,282,158
Cost of sales		(8,503,301)	(7,999,136)
Gross profit		8,559,380	8,283,022
Administrative expenses		(7,927,632)	(7,631,854)
Other operating income	4	-	434,580
Operating profit	5	631,748	1,085,748
Interest receivable and similar income		87	-
Interest payable and similar charges	9	(957,563)	(1,009,785)
(Loss)/profit before tax on ordinary activities		(325,728)	75,963
Tax on profit on ordinary activities	10	(166,241)	(206,608)
Loss for the financial year		(491,969)	(130,645)
Other comprehensive income/(expenditure) for the year			
Unrealised surplus on revaluation of tangible fixed assets		-	8,528,000
Deferred taxation on the revaluation of tangible fixed assets	21	100,216	(903,371)
Other comprehensive income for the year		100,216	7,624,629
Total comprehensive income for the year		(391,753)	7,493,984
Loss for the year attributable to:			
Owners of the parent company		(491,969)	(130,645)

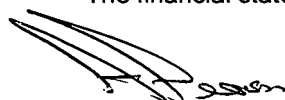
The notes on pages 16 to 36 form part of these financial statements.

THE BARONS EDEN GROUP LIMITED
REGISTERED NUMBER: 09121021

CONSOLIDATED BALANCE SHEET
AS AT 31 JULY 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	12	(878,545)	(1,316,817)
Tangible assets	13	38,145,036	36,076,842
		<u>37,266,491</u>	<u>34,760,025</u>
Current assets			
Fixed assets held for resale	14	490,000	-
Stocks	16	248,538	229,176
Debtors	17	1,567,804	1,318,454
Cash at bank and in hand		7,399	5,639
		<u>2,313,741</u>	<u>1,553,269</u>
Creditors: amounts falling due within one year	18	<u>(8,482,478)</u>	<u>(5,986,523)</u>
Net current liabilities		<u>(6,168,737)</u>	<u>(4,433,254)</u>
Total assets less current liabilities		<u>31,097,754</u>	<u>30,326,771</u>
Creditors: amounts falling due after more than one year	19	(16,664,083)	(15,375,269)
Provisions for liabilities			
Deferred tax	21	<u>(861,973)</u>	<u>(988,051)</u>
Net assets		<u><u>13,571,698</u></u>	<u><u>13,963,451</u></u>
Capital and reserves			
Share capital	22	1,000	1,000
Revaluation reserve	23	7,571,845	7,624,629
Other reserves	23	2,654,816	3,237,525
Profit and loss account	23	<u>3,344,037</u>	<u>3,100,297</u>
		<u><u>13,571,698</u></u>	<u><u>13,963,451</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: 27/4/18

The notes on pages 16 to 36 form part of these financial statements.

THE BARONS EDEN GROUP LIMITED
REGISTERED NUMBER: 09121021

COMPANY BALANCE SHEET
AS AT 31 JULY 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	13	32,689	15,783
Investments	14	2	2
		<u>32,691</u>	<u>15,785</u>
Current assets			
Debtors: amounts falling due within one year	17	11,938,783	8,315,788
Cash at bank and in hand		15,261	-
		<u>11,954,044</u>	<u>8,315,788</u>
Creditors: amounts falling due within one year	18	<u>(6,153,560)</u>	<u>(2,055,551)</u>
Net current assets		<u>5,800,484</u>	<u>6,260,237</u>
Total assets less current liabilities		<u>5,833,175</u>	<u>6,276,022</u>
Creditors: amounts falling due after more than one year	19	<u>(16,524,208)</u>	<u>(15,249,800)</u>
Net liabilities		<u><u>(10,691,033)</u></u>	<u><u>(8,973,778)</u></u>
Capital and reserves			
Called up share capital	22	1,000	1,000
Other reserves	23	2,654,816	3,237,525
Profit and loss account	23	<u>(13,346,849)</u>	<u>(12,212,303)</u>
		<u><u>(10,691,033)</u></u>	<u><u>(8,973,778)</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: 27/4/18

The notes on 17 to 38 form part of these financial statements.

THE BARONS EDEN GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2017**

	Share capital	Revaluation reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 August 2016	1,000	7,624,629	3,237,525	3,100,297	13,963,451
Loss for the year	-	-	-	(491,969)	(491,969)
Deferred taxation provision relating to revalued tangible fixed assets	-	100,216	-	-	100,216
Transfer to profit and loss account for depreciation on revalued properties	-	(153,000)	-	153,000	-
Transfer between reserves for the notional interest charged on directors loans	-	-	(582,709)	582,709	-
At 31 July 2017	<u>1,000</u>	<u>7,571,845</u>	<u>2,654,816</u>	<u>3,344,037</u>	<u>13,571,698</u>

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

	Share capital	Revaluation reserve	Other reserves	Profit and loss account	Minority interests	Total equity
	£	£	£	£	£	£
At 1 August 2015 (as previously stated)	1,000	-	-	2,497,260	(1,227)	2,497,033
Prior year adjustment	-	-	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>(1,227)</u>	<u>6,468,240</u>
Loss for the year	-	-	-	(130,645)	-	(130,645)
Surplus on revaluation of freehold property	-	8,528,000	-	-	-	8,528,000
Deferred tax provision on revaluation relating to revalued tangible fixed assets	-	(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>-</u>	<u>13,963,451</u>

The notes on pages 16 to 36 form part of these financial statements.

The prior year adjustment (at both the group and company level), required under the transition to FRS 102, related 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 note 1.10, 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

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2017**

	Share capital £	Other reserves £	Profit and loss account £	Total equity £
At 1 August 2016	1,000	3,237,525	(12,212,303)	(8,973,778)
Loss for the year	-	-	(1,717,255)	(1,717,255)
Transfer between reserves for the notional interest charged on directors loans	-	(582,709)	582,709	-
At 31 July 2017	<u>1,000</u>	<u>2,654,816</u>	<u>(13,346,849)</u>	<u>(10,691,033)</u>

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

	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 (see page 12)	-	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>

The notes on pages 16 to 36 form part of these financial statements.

THE BARONS EDEN GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2017**

	2017	2016
	£	£
Cash flows from operating activities		
Loss for the financial year	(491,969)	(130,645)
Adjustments for:		
Amortisation of intangible assets	(438,272)	(438,272)
Depreciation of tangible assets	1,817,694	1,394,499
Profit on disposal of tangible assets	(5,557)	(3,425)
Interest payable and similar charges	957,563	1,009,792
Interest receivable and similar charges	(87)	-
Taxation charge	166,241	206,608
Increase in stocks	27,054	(44,208)
Increase in debtors	(237,495)	(501,581)
Increase in creditors	558,087	330,963
Corporation tax paid	(101,891)	-
Net cash generated from operating activities	<u>2,251,368</u>	<u>1,823,731</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(2,606,703)	(2,536,181)
Proceeds from sale of tangible fixed assets	22,763	6,000
Net cash acquired with subsidiaries (Note 24)	5,265	-
Purchase of subsidiary undertaking (Note 24)	(1,779,133)	-
Interest received	87	-
Hire purchase interest paid	(12,481)	(15,109)
Net cash outflow from investing activities	<u>(4,370,202)</u>	<u>(2,545,290)</u>

THE BARONS EDEN GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2017**

	2017 £	2016 £
Cash flows from financing activities		
New secured bank loans	2,150,000	11,970,000
Repayment of bank loans	(52,131)	(10,574,871)
Movement in hire purchase agreements	77,126	(73,106)
Repayment of director loans	(439,991)	(452,501)
New director loans	650,000	-
Interest paid	(362,373)	(261,001)
Net cash generated in financing activities	<u>2,022,631</u>	<u>608,521</u>
Net decrease in cash and cash equivalents	(96,203)	(113,038)
Cash and cash equivalents at beginning of year	(15,442)	97,596
Cash and cash equivalents at the end of year	<u>(111,645)</u>	<u>(15,442)</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	7,399	5,639
Bank overdrafts	(119,044)	(21,081)
	<u>(111,645)</u>	<u>(15,442)</u>

The notes on pages 16 to 36 form part of these financial statements.

THE BARONS EDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

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 the year ended 31 July 2017 (2016: year ended 31 July 2016).

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 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.

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 acquirees' 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.

1.3 Turnover

Turnover is recognised to the extent that it is probable that economic benefits will flow to the group and that 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 at the group's spas is recognised at the point of sale.

Rendering of services and advance bookings

Turnover from a contract to provide services, such as overnight accommodation or spa experiences is recognised in the period in which the stay or spa experience takes place. Monies paid in advance by clients is held within deferred income and is released upon the service being delivered.

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.

THE BARONS EDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

1. Accounting policies (continued)

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. In the case of freehold properties including integral fixtures and fittings, the group's policy is to carry these at open market value as determined by regular professional valuations. Other tangible fixed assets are carried at their historic cost.

Repairs and maintenance costs are charged to the consolidated statement of comprehensive income during the period in which they are incurred.

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

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 consolidated 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.

THE BARONS EDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

1. Accounting policies (continued)

1.7 Revaluation of tangible fixed assets

Individual freehold properties including integral fixtures and fittings 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. Revaluations are 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 other 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 profit and loss account.

1.8 Fixed asset held for resale

The company owns a freehold property which is being actively marketed and the directors believe a sale is likely within the next 12 months. As a result, the property has been included within current assets as a fixed asset for resale.

1.9 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 group's cash management.

1.10 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 debtors and creditors, 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. A rate of 10% has been applied. The difference that arises represents a capital contribution from the directors and has been recognised within other reserves in the group and company balance sheet. At each year end an appropriate transfer between reserves takes place to reflect the notional interest which has been charged to the consolidated statement of comprehensive income.

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.

THE BARONS EDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

1. Accounting policies (continued)

1.11 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 consolidated statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.12 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 consolidated 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.

1.13 Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the obligation.

1.14 Operating leases

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

1.15 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 is recognised upon the revaluation of any of the group's freehold properties.

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.

THE BARONS EDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

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.

Recoverability of trade debtors

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 2017

2. Judgements in applying accounting policies and key sources of estimation uncertainty (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 is considered to arise from only one business segment.

All turnover arose within the United Kingdom.

4. Other operating income

	2017 £	2016 £
Injurious affection compensation	-	275,000
Non-injurious affection compensation	-	152,579
Sundry income	-	7,001
	-	434,580

THE BARONS EDEN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

5. Operating profit

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

	2017 £	2016 £
Depreciation of tangible fixed assets: owned	1,734,122	1,320,835
Depreciation of tangible fixed assets: leased	83,572	73,664
Profit on disposal of tangible fixed assets	(5,557)	(3,425)
Release of negative goodwill	(438,272)	(438,272)
Operating lease payments - other	-	20,500
Redundancy costs	-	139,200
	<u> </u>	<u> </u>

6. Auditors' remuneration

	2017 £	2016 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	6,500	6,500
Fees payable to the Group's auditor and its associates in respect of:		
The auditing of accounts of associates of the group pursuant to legislation	37,500	37,250
All other services	106,385	45,000
	<u> </u>	<u> </u>
	<u>150,385</u>	<u>88,750</u>

THE BARONS EDEN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

7. Employees

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Wages and salaries	6,768,440	6,473,073	636,816	336,261
Social security costs	369,243	374,529	17,882	42,850
Pension costs	99,734	98,294	5,498	13,277
	<u>7,237,417</u>	<u>6,945,896</u>	<u>660,196</u>	<u>392,388</u>

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Management, administration & support	64	77	6	6
Other departments	411	358	-	-
	<u>475</u>	<u>435</u>	<u>6</u>	<u>6</u>

8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	<u>540,327</u>	<u>523,677</u>

The highest paid director received remuneration of £300,000 (2016: £284,782).

9. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	11,235	2,748
Mortgage interest payable	351,138	258,246
Directors' notional loan interest	582,709	733,682
Finance leases and hire purchase contracts	12,481	15,109
	<u>957,563</u>	<u>1,009,785</u>

THE BARONS EDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017

10. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	215,524	231,140
Adjustments in respect of previous periods	(23,421)	-
	<u>192,103</u>	<u>231,140</u>
Deferred tax		
Origination and reversal of timing differences	(25,862)	(24,532)
	<u>166,241</u>	<u>206,608</u>
Taxation on profit on ordinary activities		

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19.66% (2016: 20%). The differences are explained below:

	2017 £	2016 £
(Loss)/profit on ordinary activities before tax	<u>(325,728)</u>	<u>75,963</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.66% (2016: 20%)	(64,038)	15,193
Effects of:		
Expenses not deductible for tax purposes	28,111	45,534
Interest on directors loans not deductible for tax purposes	114,561	146,736
Fixed asset differences	33,920	11,984
Adjustments to tax charge in respect of prior periods	(23,421)	-
Deferred tax rate differences	1,045	(12,839)
Deferred tax not recognised	27,134	-
Other timing differences	48,929	-
Total tax charge for the year	<u>166,241</u>	<u>206,608</u>

Factors that may affect future tax charges

Reductions in the United Kingdom corporation tax rate to 17% (effective from 1 April 2020) was substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly.

THE BARONS EDEN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

11. Parent company profit for the year

The parent 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 was £1,717,255 (2016: loss £12,401,929).

12. Intangible assets

Group

	Negative goodwill £
Cost	
At 1 August 2016 and 31 July 2017	(2,191,361)
Amortisation	
At 1 August 2016	(874,544)
Release in the year	(438,272)
At 31 July 2017	(1,312,816)
Net book value	
At 31 July 2017	(878,545)
At 31 July 2016	(1,316,817)

THE BARONS EDEN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

13. Tangible fixed assets

Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost or valuation						
At 1 August 2016	32,806,085	1,166,219	3,511,121	106,535	73,561	37,663,521
Additions	1,494,767	528,230	543,816	-	39,890	2,606,703
Acquisition of subsidiary (note 24)	885,135	-	123,404	-	335	1,008,874
Disposals	-	-	-	(36,535)	-	(36,535)
Transfers to fixed asset held for resale (note 15)	(529,692)	-	-	-	-	(529,692)
Fair value adjustment (note 24)	817,209	-	-	-	-	817,209
At 31 July 2017	<u>35,473,504</u>	<u>1,694,449</u>	<u>4,178,341</u>	<u>70,000</u>	<u>113,786</u>	<u>41,530,080</u>
Depreciation						
At 1 August 2016	199,243	425,130	914,304	26,356	21,646	1,586,679
Charge for the year	639,854	415,246	731,803	23,098	7,693	1,817,694
Disposals	-	-	-	(19,329)	-	(19,329)
At 31 July 2017	<u>839,097</u>	<u>840,376</u>	<u>1,646,107</u>	<u>30,125</u>	<u>29,339</u>	<u>3,385,044</u>
Net book value						
At 31 July 2017	<u>34,634,407</u>	<u>854,073</u>	<u>2,532,234</u>	<u>39,875</u>	<u>84,447</u>	<u>38,145,036</u>
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>

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

	2017 £	2016 £
Freehold property	59,984	-
Plant and machinery	228,156	158,895
Motor vehicles	39,875	80,179
	<u>328,015</u>	<u>239,074</u>

THE BARONS EDEN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

13. Tangible fixed assets (continued)

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

	2017 £	2016 £
Group		
Cost	26,945,506	24,278,085
Accumulated depreciation	(686,097)	(199,243)
Net book value	<u>26,259,409</u>	<u>24,078,842</u>

The group's principle freehold properties, Hoar Cross Hall and Eden Hall Day Spa were revalued as at 9 December 2016 by Sanderson Weatherall LLP on an open market value for existing use basis. These valuations are included within the carrying values above.

The group acquired Dial House Hotel (Bourton) Limited on 18 April 2017 and the property was professionally valued on an open market value for existing use basis. The fair value of the property is included within the carrying value above.

Company

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 August 2016	13,368	6,327	19,695
Additions	15,966	9,689	25,655
At 31 July 2017	<u>29,334</u>	<u>16,016</u>	<u>45,350</u>
Depreciation			
At 1 August 2016	2,644	1,268	3,912
Charge for the year	5,970	2,779	8,749
At 31 July 2017	<u>8,614</u>	<u>4,047</u>	<u>12,661</u>
Net book value			
At 31 July 2017	<u>20,720</u>	<u>11,969</u>	<u>32,689</u>
At 31 July 2016	<u>10,724</u>	<u>5,059</u>	<u>15,783</u>

THE BARONS EDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 August 2016	1,760,643
Disposals	(1,760,641)
At 31 July 2017	<u>2</u>
Impairment	
At 1 August 2016	1,760,641
Disposals	(1,760,641)
At 31 July 2017	<u>-</u>
Net book value	
At 31 July 2017	<u>2</u>
	<u>2</u>
At 31 July 2016	<u>2</u>

THE BARONS EDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

14. Fixed asset investments (continued)

During the prior year the group undertook a group reorganisation, and as a result the company's subsidiary undertakings Barons EDS Limited, Barons HCH Limited and The Tree & Hedge Company Limited were dissolved and disposed of on 22 November 2016.

Direct subsidiary undertakings

The following were subsidiary undertakings of the company at the year end:

Name	Class of shares	Holding	Principal activity
BEG Operating Limited (1)	Ordinary	100%	Holding company
BEG Property Limited (1)	Ordinary	100%	Holding company

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Huxleys Property Limited (1)	Ordinary	100%	Letting and operating of real estate
HCH Property Limited (2)	Ordinary	100%	Letting and operating of real estate
Barons Huxleys Limited (1)	Ordinary	100%	Restaurant
Eden Hall Day Spa Limited (1)	Ordinary	100%	Day spa
Hartwells Property Limited (1)	Ordinary	100%	Letting and operating of real estate
Hoar Cross Hall Limited (2)	Ordinary	100%	Day spa and hotel
Willoughby (890) Limited (1)	Ordinary	100%	Letting and operating of real estate
Dial House Hotel (Bourton) Limited (1)	Ordinary	100%	Hotel and restaurant

(1) The registered office of these companies is Eden Hall Day Spa, Elston, Newark, Nottinghamshire, NG23 5PG.

(2) The registered office of these companies is Hoar Cross Hall, Maker Lane, Hoar Cross, Yoxall, Staffordshire, DE13 8QS.

THE BARONS EDEN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

15. Fixed asset held for resale

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Freehold property held for resale	490,000	-	-	-

The freehold property is being actively marketed for sale and has therefore been transferred from tangible fixed assets to fixed asset held for resale. The carrying value of the property has been impaired by £39,692 to reflect its current open market value.

16. Stocks

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Wet and dry stocks and goods for resale	248,538	229,176	-	-

Stock recognised in cost of sales during the year as an expense was £3,011,722 (2016: £2,395,448).

An impairment loss of £Nil (2016: £3,000) was recognised in cost of sales in respect of slow-moving and obsolete stock.

17. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	283,863	396,844	-	264
Amounts owed by group undertakings	-	-	11,592,035	8,050,654
Other debtors	696,218	412,120	299,401	229,002
Prepayments and accrued income	587,723	509,492	47,347	35,868
	<u>1,567,804</u>	<u>1,318,456</u>	<u>11,938,783</u>	<u>8,315,788</u>

An impairment loss of £1,365 (2016: £8,678) was recognised in administrative expenses against trade debtors during the year.

THE BARONS EDEN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

18. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank overdrafts	119,044	21,081	-	42,545
Bank loans	1,068,492	52,313	1,068,492	52,313
Trade creditors	2,074,518	1,721,500	147,279	134,417
Net obligations under finance lease and hire purchase contracts	144,754	82,034	-	-
Amounts owed to group undertakings	-	-	3,785,789	1,276,276
Corporation tax	321,666	231,454	-	-
Other taxation and social security	871,178	668,273	-	-
Other creditors	1,161,801	557,383	1,140,000	540,000
Accruals and deferred income	2,721,025	2,652,485	12,000	10,000
	<u>8,482,478</u>	<u>5,986,523</u>	<u>6,153,560</u>	<u>2,055,551</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.

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

Included within other creditors is £1,140,000 (2016: £540,000) due to certain directors.

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans	12,029,377	10,947,687	12,029,377	10,947,687
Net obligations under finance lease and hire purchase contracts	139,875	125,469	-	-
Other creditors	4,494,831	4,302,113	4,494,831	4,302,113
	<u>16,664,083</u>	<u>15,375,269</u>	<u>16,524,208</u>	<u>15,249,800</u>

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

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

Included within other creditors is £4,494,831 (2016: £4,302,113) due to certain directors.

THE BARONS EDEN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

20. Loans

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Amounts falling due within one year				
Bank loans	1,068,492	52,313	1,068,492	52,313
Directors loans	1,140,000	540,000	1,140,000	540,000
Amounts falling due 1-2 years				
Bank loans	1,552,661	1,305,140	1,552,661	1,305,140
Directors loans	540,000	540,000	540,000	540,000
Amounts falling due 2-5 years				
Bank loans	1,764,947	1,385,035	1,764,947	1,385,035
Directors loans	1,620,000	1,620,000	1,620,000	1,620,000
Amounts falling due after more than 5 years				
Bank loans	8,711,769	8,257,512	8,711,769	8,257,512
Directors loans	2,334,831	2,142,113	2,334,831	2,142,113
	<u>18,732,700</u>	<u>15,842,113</u>	<u>18,732,700</u>	<u>15,842,113</u>

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

A bank loan of £1,750,000 incurs an interest rate of 2.5% above Bank of England base rate and is due for repayment by April 2032

On 15 February 2018 the bank loans were repaid and replaced by external finance provided by another banking institute. The new facility has a 12 month repayment holiday, followed by repayment instalments of £139,000 per quarter with full repayment due on 18 April 2023.

The directors loans of £5,634,831 (2016: £4,842,113) are interest free and have been accounted for as described in note 1.10.

THE BARONS EDEN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

21. Deferred taxation

Group

	2017 £
At beginning of year	988,051
Charged to the profit and loss account	25,862
Credited to other comprehensive income	(100,216)
At end of year	861,973

	Group 2017 £	Group 2016 £
Accelerated capital allowances	58,818	84,680
Deferred tax on revaluation of property	803,155	903,371
	861,973	988,051

22. Share capital

	2017 £	2016 £
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
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23. Reserves

Revaluation reserve

The revaluation reserve represents amounts in relation to freehold property.

Other reserves

Other reserves represents capital contributions relating to interest free loans from certain directors. The reserve reflects the benefit received by the group as a result of the interest free element of the loan as measured by comparing with the interest which would have been payable had market rates been applied.

Profit and loss account

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

THE BARONS EDEN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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24. Acquisitions

On 19 April 2017, the group acquired 100% of the issued share capital of Dial House Hotel (Bourton) Limited, a company that operates as a Hotel and Restaurant. The net book value of the net assets at the date of acquisition together with any fair value adjustments are detailed below:

	Book value £	Fair value adjustment £	Fair value £
Assets and Liabilities acquired			
Tangible fixed assets	1,008,874	817,209	1,826,083
	<u>1,008,874</u>	<u>817,209</u>	<u>1,826,083</u>
Stocks	6,724	-	6,724
Debtors	210,508	-	210,508
Cash at bank and in hand	5,265	-	5,265
Total assets	<u>1,231,371</u>	<u>817,209</u>	<u>2,048,580</u>
Creditors due within one year	(716,552)	-	(716,552)
Fair value of net assets	<u>514,819</u>	<u>817,209</u>	<u>1,332,028</u>
Purchase consideration settled in cash	1,311,195	-	1,311,195
Legal costs associated	20,833	-	20,833
	<u><u>1,332,028</u></u>	<u><u>817,209</u></u>	<u><u>1,332,028</u></u>

The fair value adjustment in relation to fixed assets is as a result of the valuation of land and buildings to its open market value at the acquisition date.

The results of the company since its acquisition are as follows:

	Current period since acquisition £
Turnover	186,595
Operating loss	(97,843)
Loss for the period	<u><u>(97,843)</u></u>

25. 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 £449,660 (2016: £Nil).

THE BARONS EDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

26. 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 £99,734 (2016: £98,294).

Contributions totalling £16,672 (2016: £8,392) were payable to the fund at the balance sheet date.

27. 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 £404,187 (2016: £291,854) were made from companies in which a shareholder and director of the company had an interest. At the year end the group owed £62,873 (2016: £nil) to those companies.

During the year £68,000 (2016: £68,000) was paid to close family members of certain of the directors.

Remuneration of key management personnel including directors during the year amounted to £616,947 (2016: £590,334).

28. Controlling party

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