

APPENDIX C – VIABILITY AND ACCOUNTS EVIDENCE

(Confidential Financial Information)

Confidentiality Statement

This appendix contains commercially sensitive financial information submitted solely for the purpose of demonstrating viability in support of the planning application. The information is provided to assist the Local Planning Authority in assessing compliance with development plan policy relating to the loss of a commercial use and the securing of a viable long-term future for a designated heritage asset.

The applicant respectfully requests that the detailed financial information contained within this appendix is treated as confidential and is not made publicly available. A high-level narrative summary is included within the main Planning Statement, with the full accounts provided for officer assessment.

Scope and Planning Purpose

The Council's pre-application advice confirms that, for any full application proposing the loss of hotel/visitor accommodation, the Local Planning Authority will require evidence demonstrating that the existing use is no longer viable and that additional marketing evidence may be necessary.

This appendix addresses the viability requirement by providing:

- a clear summary of the recent performance trend;
- relevant observations drawn directly from the submitted statutory accounts and trading statements;
- a reasoned explanation of why the observed trend creates a real risk of business failure; and



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- the planning implications of that risk, particularly in the context of a Grade II listed building where vacancy would be harmful.

Profit Trend and What It Demonstrates

The company's accounts evidence a consistent decline in profit over four consecutive reporting years:

- Jun 22 – Profit £94,663
- Jun 23 – Profit £85,864
- Jun 24 – Profit £48,504
- Jun 25 – Profit £33,276

This is not a marginal decrease. The figures show a sustained and material reduction in profitability, with a fall of roughly two-thirds between 2022 and 2025. The significance of this trend is that it reduces the business's capacity to absorb cost increases, manage seasonal variability, fund essential maintenance, and service debt obligations.

Turnover and Operating Context

The accounts also evidence weakening trading performance, including a notable reduction in turnover between 2024 and 2025. Turnover reduced from £612,888 (2024) to £515,128 (2025).

In the context of rural hospitality, where fixed overheads remain relatively constant and income can be seasonal, reduced turnover directly erodes operational resilience. It also diminishes the ability to sustain staffing levels, invest in marketing, and maintain the service offer required to remain competitive.

Finance Costs and Reduced Headroom

A key feature of the accounts is the presence of material finance costs. Interest payable and similar charges were £44,753 (2024) and £36,501 (2025).

Even where operating profit is generated, these financing costs significantly reduce profit before and after tax, narrowing the margin of safety. In viability terms, this “headroom” is critical. As profitability declines, the business becomes increasingly exposed to relatively modest changes in costs or revenue, and less able to manage unforeseen events such as urgent repairs, utility price variation, or a weaker season.

Cash Position and Business Vulnerability

The accounts further show a marked reduction in cash at bank and in hand between 2024 and 2025, from £56,514 (2024) to £28,180 (2025).

In viability terms, reduced cash reserves are a strong indicator of increasing vulnerability. For a listed rural building, ongoing maintenance liabilities are unavoidable and can be unpredictable. A weakening cash position directly constrains the ability to respond to building repair needs, and heightens risk of deferred maintenance, which is undesirable in heritage and planning terms.

Mortgage Covenant Risk and the Real Prospect of Closure

As confirmed by the applicant, the business is subject to mortgage terms which require profitability to be maintained at specified thresholds. The year-on-year reduction in profit materially increases the risk of covenant breach. If that occurs, the lender has the ability to recall the mortgage, which would create an immediate and severe financial consequence for the business, with a realistic prospect of insolvency.

From a planning perspective, this is not speculative. The decline is evidenced, sustained and compounding. In practical terms, the risk is that the hotel use is not merely “challenged”, but approaching a position where it cannot continue without significant and uncertain intervention or restructuring.

Listed Building Context and Why Viability Carries Extra Weight

Random Hall is a Grade II listed building. Where a heritage asset’s existing use is failing, the planning system places weight on securing a viable use that ensures continued occupation, upkeep and investment. In viability terms, the consequence of refusing a deliverable alternative can be vacancy, underuse and deterioration, which would be contrary to the objective of conserving significance.

Accordingly, the viability evidence has a direct and important relationship with heritage outcomes: the declining financial position increases the likelihood of closure and vacancy if a realistic alternative use is not permitted.

Relationship Between Viability and Marketing Evidence

The marketing evidence submitted separately shows that the property has been offered to the market over a prolonged period through specialist commercial agents, producing interest but no viable sale as a going concern. The viability evidence explains why this outcome is not surprising: the financial trajectory and operational constraints reduce the pool of credible purchasers and the likelihood of securing an operator willing to take on the risks and funding requirements associated with a rural listed hospitality venue.

Taken together, the marketing and viability evidence provide a coherent and mutually supportive justification for the change of use.

Documents Submitted

The following accounts have been submitted alongside this appendix:

- Unaudited abridged financial statements – year ended 30 June 2022.
- Annual report and unaudited financial statements – year ended 30 June 2023.
- Unaudited financial statements (including trading income statement pages) – year ended 30 June 2024.
- Unaudited financial statements (including trading profit and loss pages) – year ended 30 June 2025.

Viability Conclusion

The accounts provide clear, consistent and independently prepared evidence of a declining business, characterised by falling profit, reduced turnover, material finance costs and reduced cash reserves. This trajectory materially increases the likelihood of covenant breach and business failure, which would risk vacancy and deterioration of a Grade II listed building. In that context, the proposed change of use to residential

use is the realistic, deliverable and sustainable route to secure long-term occupation, maintenance and investment, representing the optimum viable use in heritage and planning terms.