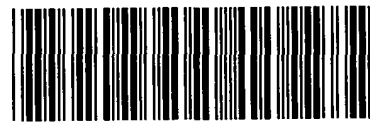

THE GREAT HOUSE AT SONNING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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COMPANIES HOUSE

THE GREAT HOUSE AT SONNING LIMITED

COMPANY INFORMATION

Directors	R C Hicks J R Le Breton Mount
Registered number	00767681
Registered office	3rd Floor Watson House 54 Baker Street London W1U 7BU
Independent auditors	Nexia Smith & Williamson Statutory Auditor & Chartered Accountants Old Library Chambers 21 Chipper Lane Salisbury Wiltshire SP1 1BG

THE GREAT HOUSE AT SONNING LIMITED

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THE GREAT HOUSE AT SONNING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £700,312 (2014 - loss £243,078).

Directors

The directors who served during the year were:

A P Bradshaw (resigned 9 January 2015)
J A Gripton (resigned 9 January 2015)
J Rae (resigned 25 March 2015)
N B Buchanan (appointed 9 January 2015, resigned 27 November 2015)
M G Westenbrink (appointed 9 January 2015, resigned 6 October 2015)
R C Hicks (appointed 9 January 2015)
J R Le Breton Mount (appointed 27 November 2015)

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

THE GREAT HOUSE AT SONNING LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

Auditors

The auditors, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small Companies Note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on *22 December 2016* and signed on its behalf.



.....
R C Hicks
Director

THE GREAT HOUSE AT SONNING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE GREAT HOUSE AT SONNING LIMITED

We have audited the financial statements of The Great House at Sonning Limited for the year ended 31 December 2015, set out on pages 5 to 16. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the 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 1, 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 Financial Reporting Council'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 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 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 Company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Small Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and this report has been prepared in accordance with applicable legal requirements. In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors Report.

THE GREAT HOUSE AT SONNING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE GREAT HOUSE AT SONNING 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements and the Directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.

Nexia Smith & Williamson

Peter Treadgold (Senior statutory auditor)

for and on behalf of

Nexia Smith & Williamson

Statutory Auditor & Chartered Accountants

Old Library Chambers
21 Chipper Lane
Salisbury
Wiltshire
SP1 1BG

Date: *22 December 2016*

THE GREAT HOUSE AT SONNING LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £	2014 £
Turnover		1,390,496	1,533,905
Cost of sales		(1,090,357)	(1,093,573)
Gross profit		300,139	440,332
Administrative expenses		(680,065)	(469,800)
Operating loss	3	(379,926)	(29,468)
Interest receivable		44	-
Interest payable		(320,430)	(213,610)
Loss before tax		(700,312)	(243,078)
Tax on loss	6	-	-
Loss after tax		(700,312)	(243,078)
Retained earnings at the beginning of the year		(628,268)	(385,190)
Loss for the year		(700,312)	(243,078)
Retained earnings at the end of the year		(1,328,580)	(628,268)

There were no recognised gains and losses for 2015 or 2014 other than those included in the statement of income and retained earnings.

The notes on pages 7 to 16 form part of these financial statements.

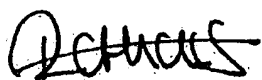
THE GREAT HOUSE AT SONNING LIMITED
REGISTERED NUMBER: 00767681

BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Tangible assets	7		6,500,220		4,636,941
Current assets					
Stocks		25,129		12,106	
Debtors: amounts falling due within one year	8	488,697		42,111	
Cash at bank and in hand		140,133		5,318	
			<u>653,959</u>	<u>59,535</u>	
Creditors: amounts falling due within one year	9	(7,982,759)		(4,824,744)	
Net current liabilities			<u>(7,328,800)</u>		<u>(4,765,209)</u>
Net assets			<u>(828,580)</u>		<u>(128,268)</u>
Capital and reserves					
Called up share capital	10		500,000		500,000
Profit and loss account	11		(1,328,580)		(628,268)
			<u>(828,580)</u>		<u>(128,268)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

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



.....
R C Hicks
 Director

Date: 22 December 2016

The notes on pages 7 to 16 form part of these financial statements.

THE GREAT HOUSE AT SONNING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies

1.1 Basis of preparation of financial statements

The Great House at Sonning Limited is a private limited company incorporated in England and Wales. The registered address of the office is 3rd Floor, Watson House, 54 Baker Street, London, W1U 7BU.

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of 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 compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. They continue to adopt the going concern basis in preparing the financial statements.

1.3 Revenue

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company 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. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue is recognised at the point at which accommodation and related services are provided and when the amount of revenue can be measured reliably and it is probable that the Company will receive the consideration due under the contract.

THE GREAT HOUSE AT SONNING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost 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.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- not depreciated - see note 1.5
Plant & machinery	- Straight line over 7 years
Fixtures & fittings	- Straight line over 7 years
Computer equipment	- Straight line over 10 years
Assets under construction	- not depreciated

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 Statement of Income and Retained Earnings.

1.5 Revaluation of tangible fixed assets

Individual freehold properties are carried 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 professional qualified valuers.

Revaluation gains and losses are recognised in the Statement of Income and Retained Earnings unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefit, in which case the losses are recognised in the Profit and Loss account.

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value.

1.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

THE GREAT HOUSE AT SONNING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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.

1.9 Financial instruments

The Company only enters into basic financial instruments 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, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, for example the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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 of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

THE GREAT HOUSE AT SONNING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.12 Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

THE GREAT HOUSE AT SONNING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosures of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period.

Financial instrument classification

The classification of financial instruments as 'basis' or 'other' requires judgement as to whether all the applicable conditions for classification as basic are met. This includes consideration of the form of the instrument and its return.

Impairment of tangible fixed assets

Determining whether tangible fixed assets are impaired requires an estimation of both the net realisable value (NRV) of the assets and also the value in use of the cash generating units (CGU) to which the assets are allocated. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the CGU and apply a suitable discount rate in order to calculate the present value.

Estimation of the valuation of freehold property

Under the revaluation model, the Directors must ensure that 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. When a revaluation is not performed at the balance sheet date, the Directors must consider whether the previous revaluation continues to be an appropriate estimation of the market value of the freehold property.

3. Operating loss

The operating loss is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets	37,414	1,544
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	9,500	9,715
Other operating lease rentals	6,583	4,333

4. Employees

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

	2015 £	2014 £
Wages and salaries	837,462	702,164
	<u>837,462</u>	<u>702,164</u>

The average monthly number of employees, including directors, during the year was 35 (2014 - 37).

THE GREAT HOUSE AT SONNING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

5. Directors' remuneration

	2015	2014
	£	£
Directors' emoluments	61,378	63,792
	61,378	63,792

6. Taxation

	2015	2014
	£	£
Total current tax	-	-

Factors that may affect future tax charges

At the year end, the company had estimated tax losses of £3,584,566 (2014 - £2,995,322) available to carry forward. The tax losses gave rise to a deferred tax asset of which has not been recognised as the period over which the asset will be recognised cannot be determined.

THE GREAT HOUSE AT SONNING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

7. Tangible fixed assets

	Freehold property £	Plant & machinery £	Fixtures & fittings £	Computer equipment £	Assets under construction £	Total £
Cost or valuation						
At 1 January 2015	4,575,000	17,244	526,815	28,527	-	5,147,586
Additions	1,511,390	26,307	236,729	38,828	87,439	1,900,693
At 31 December 2015	6,086,390	43,551	763,544	67,355	87,439	7,048,279
Depreciation						
At 1 January 2015	-	12,456	471,012	27,177	-	510,645
Charge for the period	-	2,020	32,572	2,822	-	37,414
At 31 December 2015	-	14,476	503,584	29,999	-	548,059
Net book value						
At 31 December 2015	6,086,390	29,075	259,960	37,356	87,439	6,500,220
At 31 December 2014	4,575,000	4,788	55,803	1,350	-	4,636,941

THE GREAT HOUSE AT SONNING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

7. Tangible fixed assets (continued)

As at 8 October 2013 land and buildings were valued independently at their open market value by Knight Frank LLP, Chartered Surveyors. The directors consider that the valuation obtained at that time represents the fair value of the property as at 31 December 2015.

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

	2015 £	2014 £
Cost	5,262,406	5,262,406
Accumulated depreciation	(692,137)	(635,110)
Net book value	4,570,269	4,627,296

Included in the cost of land and buildings is freehold land of £2,411,043 (2014 - £2,411,043).

8. Debtors

	2015 £	2014 £
Trade debtors	451,930	13,839
Amounts owed by group undertakings (see note 12)	3,052	1,680
Other debtors	33,715	26,592
	488,697	42,111

THE GREAT HOUSE AT SONNING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

9. Creditors: Amounts falling due within one year

	2015 £	2014 £
Bank overdrafts	-	53,428
Bank loans and overdrafts	3,845,578	3,355,263
Trade creditors	271,330	122,022
Amounts owed to group undertakings (see note 12)	3,555,727	1,171,909
Taxation and social security	30,087	67,323
Other creditors	280,037	54,799
	<u>7,982,759</u>	<u>4,824,744</u>

Secured loans

The bank loans and overdrafts are secured by a legal charge over the freehold property and by a debenture over the assets of the company.

As at the year end the company was in negotiation with its bankers as to the terms of the facilities to be made available to it. These negotiations have now been satisfactorily concluded and the above loan has been agreed as repayable over 5 years. The financial statements for the year ended 31 December 2016 will therefore show the relevant portion of the loan as repayable after more than one year.

10. Share capital

	2015 £	2014 £
Shares classified as equity		
Allotted, called up and fully paid		
450,000 ordinary shares of £1 each	450,000	450,000
50,000 preference shares of £1 each	50,000	50,000
	<u>500,000</u>	<u>500,000</u>

The preference shares carry no dividend or voting rights but take priority over the ordinary shares in the event of winding up.

11. Reserves

Profit & loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

THE GREAT HOUSE AT SONNING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

12. Related party transactions

Under FRS 102 Section 33, the company is exempt from disclosing related party transactions with its parent company and fellow wholly owned subsidiary, as 100% of the voting rights are controlled by Mudlark Hotels Limited.

Transactions between Mudlark Hotels Limited and its related parties are included in that company's consolidated financial statements.

During the year expenses of £192,879 were incurred by The Great House at Sonning Limited and recharged to Strada Trading Limited. Income of £185,562 was received from Strada Trading Limited. Included within debtors is a balance of £345,246 (2014: £nil) due from Strada Trading Limited, a company under common control of the ultimate controlling party as disclosed in note 14. This is a trading account with no set repayment terms or interest charge.

Also included within debtors is a balance of £26,555 (2014: £nil) due from Rare Birds Limited, a company under common control of the ultimate controlling party as disclosed in note 14. This is a trading account with no set repayment terms or interest charge.

Key management personnel

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the company. The Directors are of the opinion that they are the only key management within the company.

13. Controlling party

The Company's immediate parent company is Mudlark Hotels Limited, a company registered in England and Wales. Copies of the group financial statements may be obtained from Mudlark Hotels Limited, 3rd Floor, Watson House, 54 Baker Street, London W1U 7BU.

The ultimate parent undertaking is Xercise 2 Limited, a company registered in England and Wales.

The ultimate controlling party of Xercise 2 Limited is H E M Osmond.

14. First time adoption of FRS 102

These financial statements are the first annual financial statements of the Company in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The first date at which FRS 102 was applied was 01 January 2014.

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.